

CERTIFICATE

Certified that the thesis entitled INDIAN UNIONISM IN BANKING INDUSTRY submitted by RENU MATHUR for the degree of Ph.D. in ECONOMICS of BUNDELKHAND UNIVERSITY, JHANSI, embodies the work of the candidate herself. It is certified that she has worked under my supervision and guidance for more than 24 months.

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INDIAN TRADE UNIONISM IN BANKING INDUSTRY

A THESIS

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PREFACE

The biggest problem before the world of today is to find out ways and means, instruments and approaches which may yield desired results within the desired period of time. The need of the hour is to effect more savings, achieve a higher rate of productivity and higher standard of living.

The Banking industry, hub of economic activity has come to play even more important role of rural economic upliftment with government coming out with various time bound schemes to be implemented by the banks. These schemes could be successful only when bank employees involve themselves fully to achieve the targetted programme of upliftment of rural poor.

Trade unions, thus, has to shoulder greater responsibility in achieving the goals of national economic development in the light of higher emphasis being given by the government on the programmes set out for amelioration of economically poor persons.

Trade unions and the Banks are the two wheels of economic activities. They have to move forward with the similar pace and in the same direction. Any

imbalanced move would effect economic activity adversely. Hence with the, National objectives set out before them, these two instruments have to move forward in an organised way. Since Bank's management and the trade unions both well organised and powerful, could serve the country more effectively for betterment of economic development. Trade unions' representative sitting as the Director in Bank's Board and actively participating in formulation of policies in the bank, the involvement of employees in implementation of those policies becomes imperative.

For the purpose of this study extensive opinion survey and interviews were conducted.

I take this opportunity in expressing my deep sense of grateful-ness to my worthy supervisor Dr. C.P.Saxena Retd. Reader and head of Economics deptt. and Retd. Principal of BUNDELKHAND College, ^{Thansi,} for his invaluable, prompt, sound and scholarly guidance. He has been very liberal in sparing his valuable time in supervising this work.

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CHAPTER - 1

GROWTH OF TRADE UNION MOVEMENT

1. Back - ground of Trade Union Movement
2. Trade Union in British period and after
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1. BACK-GROUND OF TRADE UNION MOVEMENT:

Any discussion on trade Union Movement first requires a precise definition of the term "Trade Union" not only because any scientific investigator proposes but because of the wide difference in the use of the term in different countries. Thus in India for example, the term, trade unions according to the "Trade Union Act" of the country refers also to Employer's Association besides the employees organisation.

Since the employers and the self-employed Professionals like the Medical Practitioners, free lance Musicians etc. are not wage earners, their association can not be regarded as a Trade Union.

The Trade Union Movement being often influenced by religious, cultural and racial factors, but according to Marx and Engels, the Trade Unions owes its origin to the competition under capitalism and the inherent contradiction between the interests of the industrialists and workers in capitalistic society. In fact due to growing competition among capitalists each one of them feels a strong desire for increasing production of his employer for which he has to increase the capital employed per capital or what has been termed

by Marx as, "Organic Composition of Capital", Trade Unionism result from the worker's attempt to protect themselves from the heavy pressure of competition under the Capitalistic economy".¹

Trade Unionism is the instrument which they create in order to protect their conditions of work which tend to deteriorate more and more with the increase in the pace of capital accumulation.

The history of Trade Unionism in India has been influenced by many economic and political events, which have moulded its growth pattern and contributed to its present strength and is also responsible for its weakness. While the Trade Union movement has now emerged as a formidable economic and political force in the industrial sector, its looseness of structure could well be inferred from the secular decline of the average Union membership. It may, therefore, be necessary to recall major events - formation of Unions, Political developments, economic situation to understand the growth and pattern of Unionism. This survey will be done in different stages, ^{Like} emergence of Unionism, eradication of reformists, the initial push of World War II and its after-math and the post independence growth. It will

conclude with an analysis of the secular trend in growth of trade Unions in India.

The rise of trade unions was a new development in the society. In its long history through the ages, there is no organisation which can be regarded as the prototype of a Trade Union. The old social organisations that came to mind in as prototypes of Unions were, guilds, Mahajan or Shrevis, which existed in the pre-British Society. Some of them still exist in a city like Ahmedabad^{where} they still exercise a certain measure of influence and authority, but they were essentially the organisation of traders and merchants. They laid down rules and regulations of trade insisted on their observance and punished those who did not follow them. They were not the organisations of the toiling masses as are the trade Unions of the present day.

Some observers are inclined to find close similarities between the Shrevis and Mahajans of the ancient and medieval period with the Trade Unions of the modern era. Shri K.T. Shah, the writer of "Ancient Foundation of Economic in India", has compared the Craftsmen's guild with the present day Labour Organisation (P.49) but on the other hand some

economists are of the opinion that, "In fact guilds were not essentially economic but also political bodies". There were the guilds of artisans, villagers, forest police and even of robbers and fee booters. These guilds were small autonomous units organised by men in different vocations for their own collective benefits. They carried on production work and employed their own capital and labour. Everything was based on mutual confidence. However and whatever their character and their place in the social life of ancient India^{were} they did not influence in any way the rise of trade Unions.

Trade Unions are essentially the produce of modern large scale industries. Indian Trade Union did not grow out of any existing institutions in the society. They developed as new institutions. But before the Unions were actually formed there were some earlier attempts no doubt, isolated and ephemeral at articulating, the protest of workers and giving expression to their demand for lessening the rigours of industrial life. There was a record of a protest strike in 1877 of the workers of the Empress Mills in Nagpur over their wage rates. Similar disturbances took place from time to time in a number of establishments in many parts of the country. But usually their aims were short-lived, lasting not

more than a couple of days, the reason for stoppages being on many occasions, the dismissal of a jobber, punishment for breach of discipline or change in some establishment practice. It is difficult to call them strikers, for they were more elemental revolts rather than organised protests. As a general rule, they ended in defeat for the workers. Employers were very powerful and workers had not yet learnt the lesson of Unity and organisation.

The Trade Union Movement has now become more or less an integral part of the economic scene in India. There is hardly any Industry worth the name which does not have representative organisation of workers. Even government employees as well as those employed by autonomous bodies have formed traded Unions. These organisations seek better service conditions for their members in their respective fields. Today workmen employed in various industries enjoy a lot of such benefits, which about a hundred years ago their brothers could never have imagined. As observed by the National Commissions on Labour. "Although by the end of the 19th Century, Modern Industry had secured for itself a place in the economic life of the community for other parts of the industry viz electricity, mines etc. Workers who

were sweating from sunrise to sun-set in dingy insanitary factories to keep the machines moving had received no attention. Some special and welfare workers tried to organise the workers, but there was no union in the real sense".²

Trade Union Movement in India was started by the politicians social reformers and careerists. As observed by C.B. Mamoria, "the movement was for the workers rather than by the workers and was generally confined to the somewhat educated class workers".³

2. TRADE UNION IN BRITISH PERIOD AND AFTER:

The advent of trade Unionism in India could be traced to the early days of industrialization beginning in 1850's with the establishment of cotton and jute mills in Bombay and Calcutta. In the British period when the modern large scale factories were set up it credited many stresses and strains for the labour. Besides becoming the slaves of machines the workers lived and worked in a deplorable state. Insecurity of employment, in human treatment by European supervisors, excessively long hours of work without break, absence of safety devices at the work place, employment of women and child labour, dearth of suitable accommodation, the remoteness or workers' hovels from the factories, and above all, the wages below the level of subsistence were commonly evident all over India. The wide-spread^{dis} content among workers arising out of their plight and their effort to mitigate the prevalent evils of Industrialisation seem to have provided the major impetus for trade Unionism to take root.

The workers' economic struggle derived strength from the nationalists' movement. The primary leadership for trade Unions came from persons who were strongly

committed to the country's political freedom and in the process sought the active support of workers to help them consolidate their strength. The early support to Trade Unions was also provided by a group of social workers humanists and philanthropists, who were distressed with the miseries of workers and tried to assist them by placing their case through journals or sending appeals/memorandums to the government. The persistent effect of these leaders led to the APPOINTMENT of various committees and commissions of labour to probe into the working conditions and including the wages of the workers. Slight references may be made in this regard to the Bombay Factories Commissions in 1884. The Indian Factory Labour Commission in 1890, the Royal Commission on labour 1802 and the Indian Factory Labour Commission in 1908.

Indian trade Unionism, in its early phase, was in a loose amorphous and unorganised state. This state continued till 1918 when the Madras Labour Union was formed under the leadership of B.P. Wadia, the Madras Labour Union (MLU) has been accepted the first, genuine properly organised "Trade Unions" in India. The basic issues that led to its formation were the attempt of the workers of the "Buckingham Carnatic Mills" to resolve

their grievances like want of mid-day recess, low wages and their bad treatment by the European Supervisors. Subsequent to the formation (such as abusing, insulting and assaulting them) of Madras Labour Union, one notable development was the formation of the Textile Labour Association (TLA) in Ahmedabad in 1918 to secure better wages for textile workers. The TLA had been playing an important role for the betterment of such workers in Ahmedabad. Following the inception of MLU the TLA many Unions were formed in Bombay, Bengal, Uttar Pradesh and Punjab.

Indian Trade Unionism entered a significant phase of development with the formation of the All India Trade Union Congress (AITUC) on 31st Oct. 1920 under the Presidentship of Late Lala Lajpat Rai. The AITUC, the first National Organisation of Labour, was the answer to the growing need to have a representative body to represent Indian labour at the international Labour Conference at Geneva. The basic objectives of the AITUC were to represent, safeguard, and promote the workers' economic, political and social interest and to provide a common platform for and all existing labour organisation to nationalise their activities, co-ordinate, extend and consolidate the trade Union movement in the country.

The beginning of the 1920's also witnessed a wave of strikes in different parts of the country. All through the immediate provocation was wage cut, retrenchment , long hours of work, several other factors accentuated this situation of confrontation. (The economic hardship generated by World War I, the advent of a militant leadership under the communists).

The notable phenomena in the 1930's was the world wide "great depression" and its consequence for industrial workers.

In their attempt to combat the economic crisis the employers resorted to large scale retrenchment and wage cut. Workers resisted this move by going on strike. Bombay witnessed the maximum industrial unrest. By the middle of the decade a significant change had taken place in the political sphere which had a favourable impact on trade Unionism.

ABB:

U.P. - Uttar Pradesh

AITUC - All India Trade Union Congress

MLU - Madras Labour Union

TLA - Textile Labour Association

INTUC - INDIAN NATIONAL Trade Union Congress.

Indian trade unionism entered an eventful phase without the break of World War II on 3rd Sept. 1939. Besides its economic aspects, the War had far reaching political implications. The Viceroy proclaimed India as a belligerent. The powers autonomy was canceled, therefore the ministry quit office in protest against the deprivation.

During the war Indian Trade Unionism suffered a further set-back in the form of a second split in the AITUC. The Unity resorted on the eve of the war could not be sustained due to the divergent views that emerged on the issue of supporting on devastating war.

The war-time inflation helped industrialists to accumulate enormous profits yet the rise in wages was negligible. The index for industrialisation production and for profits (for All Industries) rose from 102.7 and 138.0 in 1939 to 120.0 and 233.6 in 1945 respectively. But the real earning of workers witnessed a steep fall from 108.6 to 74.9.

The economic hardship of workers led to widespread strikes in different parts of India. They demanded dearness allowance, bonus etc. The aftermath of war brought no relief to the workers. In such calamities the

Indian National Trade Union Congress, as the labour wing of the Indian national Congress was formed on 3rd May 1947. The Congress came into power following Independence on 15th August 1947. (All along the INTUC has been with the government).

The Indian Trade Union Movement since the establishment of the AITUC in 1920 remained very close to the national movement led by the Indian National Congress. This was very natural looking to the fact that the builders of Indian Trade Union Movement in the beginning of this stage were staunch nationalists. Even Mr. B.P. Wadia, whose appearance in the trade movement was somewhat transitory yet stormy, was perhaps the first leader who had very eagerly looked forward to an opportunity of giving trade movement an important place in the national movement. He wrote in 1921, "it is very necessary to recognize the trade movement as an integral part of the National Movement. The latter will not succeed in the right direction of democracy of India, working classes are not enabled to organise their own forces and come into their own, unless this is one for all classes of workers, peasants, plantation men, coolies, factory men and miners over the "Montague Reforms" will not succeed in transferring the power of

bureaucracy from foreign to native hands, that is not democracy".

The link between AITUC and the Indian National Congress in the formative years of the AITUC was established without doubt, since not only its first president Lala Lajpat Rai joined but the other Congress Leaders C.R. Das, Moti Lal Nehru, J.L. Nehru and Subhash Chandra Bose had presided over AITUC, at one time or the other. On the other hand the Indian National Congress also took greater interest in the working of AITUC and the Indian Trade Union Movement. During the annual session of the Indian National Congress in 1921 the National Congress welcomed the formation of the AITUC in 1920 and also during the Gaya session in 1922. The Indian national Congress had also appointed a committee to assist the executive of the AITUC for the organisation of Indian Labour, both agricultural and Industrial. The mutual impact between the two movements created the political climate. Afterwards the British government had to quit and to leave India and finally India became independent.

It was with great joy and enthusiasm that all the sections of the people welcomed the advent of

Independence on 15th August 1947. Independence however brought along with it many problems. The post partition problems paralysed normal life in the country and amongst them the central trade Union organisation ^(IFL) which was ^{known as} the worst effected body the Indian Federation of Labour.

In view of the industrial unrest the primary responsibility of the new government was to re-assure industrial peace and harmony. The concern was reflected in the constitution of the INTUC which emphasised interaction, the redressal of grievances without stoppage of work through negotiations or conciliation and failing these through arbitration and adjudication.

In order to identify the measures to avoid strikes and combat unrest a conference of labour and management representative was convened in New Delhi in December 1947.

However, INTUC's activities were severely criticised by the non-congress leader's party and practicing "Government sponsored" trade Unionism. The foremost among them were the socialists who had succeeded from the Congress in early 1948, and formed the Hind Mazdoor Panchayat (HMP). They felt that trade

Union largely dominated by a political party would be of no help to workers. A proposal was rooted to form a separate organisation independent of political affiliation. A meeting was held in Calcutta on 24th December 1948, where the leaders of HMP-IFL, a section of AITUC and some independent Unions unanimously decided to form the Hind mazdoor Sabha to safeguard and promote workers' rights and interest. Another meeting held in Calcutta discussed the feasibility of forming another organisation. In 1949 the United Trade union Congress was formed.

The four Central Organisations were busy in strengthening their own ways by and large, a process of consolidation of the movement had started in the beginning of 1950's.

The trend of falling average membership was, however checked in the 60s. In other words barring minor exceptions the average memberships sustained a degree of stability throughout the 1960's.

HMP	-	Hind Mazdoor Panchayat
IFL	-	Indian Federation of Labour.

After independence both the trends were found. The member of registered trade Union and unions submitting returns more wide above the line showing the total membership growth. Its implication becomes a glaring by the steep downward movement.

In short the growth trend of Indian trade Union over the past forty years or so seems to be largely dominated by multiplicity and its adverse consequences.

3. TRADE UNION STRUGGLE AN INTERNATIONAL PHENOMENA:

The Trade Unions reached their present position of power and influence as a result of two centuries of struggle. The trade Union Movement has been an international phenomena. British trade Union reached the highest point of their power and influence in the years immediately after the IInd World War.

Trade Unionism spread from the manual worker to black - coated employees and salaried professional men. Also Miners, teachers, engineers, civil servants, railway men, bankers, actors are members of Unions. The influence of Trade Union Movement could not be limited to anyone of the country but had spread throughout the world. The British trade Union Movement played a leading role in international Trade Union Movement. Under favourable economic conditions they progressed rapidly but often had to face set-backs in time of slump.

Trade Unions mostly fought over wages, but they have sought other things as an improved standard of living. The factory workers after the Industrial Revolution felt that they had become "hands" "wage slave" and thus strove to secure for themselves a recognised position in the world, an assumed status and

a voice in deciding their working conditions.

However, Trade Unions began when a permanent dis-association between the master and workers developed in of the industry and particularly when the craftsmen were ceased to be the owner of the major tools of his trade. This was a development specially characteristics of the "Industrial Revolution" with the introduction of steam power, new machinery and the factory system.

The Webb's definition of trade Union as a "Continuous Association of wage earners for the purpose of maintaining or improving the conditions of their working lives". It clearly points out the difference in the nature of trade Unions and the medieval guilds. It rules out that various associations of serving men could not exist which originated in the 14th century and onwards.

The earliest Unions were for the most part "Trade Club" or "Benefit Club" of skilled artisans. Their primary object was the enforcement of the law on apprentices and wages.

In the second phase of the trade Unions history, it had been accepted that combination of masters and

workers designed to influence wages and conditions of work were illegal, because they usurped one of the functions of the state. During the Eighteenth Century nearly forty acts were passed which out-lawed combinations in one trade or another. The year following the repeal of the combination acts, witnessed great activity in the formation and extension of "trade clubs" and "Unions". In numerous industries, efforts were made to link together local organisation in to one national body. The government, employers and the "upper class" secretly watched the phenomenon with increasing alarm.

The two World Wars brought the Trade Union Movement into closer association with the state. The pattern of the trade Union Movement to-day, can be undertaken in the light of different occupations. There are various occupational Unions bringing together people of the one occupation either in one Industry or several industries.

But at ^{that} ~~that~~ ^{time} the struggle of the Unions to obtain "recognition" as representatives of the workers and the right to bargain on their behalf became intensive in the second half of the last century. The new model of Unionism of that period was based on systematic organisation and financial policy. The employers too ~~were~~ beginning to

organise locally to protect their mutual interests. After the second World War the collective bargaining became Universal.

The first great impetus ~~to ideas~~ of international action ^{took} by the workers came from the French Revolution 1789.

The Trade Unions and their struggle left their impact on global activities, therefore, trade Unions on international level were deemed to be made. The first specifically trade Union international organisation was formed towards the end of the century, but long before the ideal of international co-operation by the workers had spread widely throughout Europe and America.

India on the scene of international trade Union Movement was to maintain contact with its inception. The birth of the movement was itself due to some extent to the impact of international events and, at least in its initial stages, it drew a lot of inspiration from the British Trade Union Movement. The Pioneers of the movement like Mr. N. M. Joshi and Mr. B. P. wadia were ardent admirers of the British trade union and desired to build up trade Union Movement in India on the model of those organisations. Later, there were others who

advocated the adoption of a different model, but even that model brought its origin and inspiration.

India, and Indian workers have been associated with the "International Labour Organization" in 1950 since then an "Indian Workers Delegation" has attended each conference of International Labour Organisation. Participation in those conference enabled leader of the Indian movement to establish relation of friendly Co-operation with the trade Union organisation of many countries. It broadened their horizon and gave them opportunities to play a role on a world scale Indian participation which was largely responsible for the "International Labour Organization" to the problem of the industrially backward countries of Asia and Africa. It helped the International Labour Organisation in outgrowing its European and North American limitation and in developing a Universal look. The International Labour Organisation on its part has been of immense help to Indian works.

4. ROLE OF TRADE UNION IN DIFFERENT DISCIPLINE:

As an organised movement, trade Unions began to take shape in India in the years immediately following the end of the first world war. Economic condition of the country created the situation for the rise of new organisation.

The rise of trade unions in different disciplines was a new development in the country. Most of the unions in the country were affiliated to one or the other of the central trade union organization, and the story that has been told so far has concerned essentially the activities of that major sector of the trade union movement. But there is a minor sector which is not affiliated to any central organisation.

The government servants' ~~conduct~~ rules prohibit affiliation of government employee's union with trade Union organisation of a general character, therefore, the non-government Union is somewhat different to it. The prohibition has been imposed only in the case of industrial employees like Railwaymen or civilian employees of the Defence Department. There are some other Unions which have, of their own accord, kept away

from central organisations. The main pillar of all trade Union is Indian National Trade Union Congress, others Unions which followed and are still following the policy are mainly Unions of clerks~~SL~~ and Commercial employees. Prominent amongst them are the Unions of bank employees and of employees of insurance companies. They have established their own All India Organisation. Apart from these there are a few Unions of Industrial workers here and there in the country which have followed the same policy. But none of these Unions is significant enough to require special mention. The most important amongst the Unions of government employees is the Union of employees of postal and telegraph department.

~~It~~ formed the Indian Telegraph Association consisting of the department was formed in 1906. It was a Union having an all India Character. A Bombay Porters' Union was established in 1907. The significant organisation began only in 1920.

As a result of discussion which took place in the Imperial Legislative Council. The Government of India appointed a committee to enquire ~~into~~ the condition of service of clerical and other lower grade employees of the department. The enquiry that the committee undertook

provided an impetus to the employees to form an All India Organisation. The All India (Industry Burma) Post Office and Railway mail Service Association was formed in Delhi in September 1920. A Postal Employees which comprised within its fold postal, Railway Mail Service and administrative offices employees. In 1925 lower grade staff of postmen was formed.

Again a federation of postal and telegraph Union under the presidentship of Diwan Chaman Lal, and subsequently a Union was established in this department. The main function of the Union men was to prepare a Nation-wide strike.

There were several other categories of government employees who have formed their Unions. Many of them are old Unions dating from 1918 and 1920. They are usually formed office-wise and department-wise. The currency office, the Accountant-General's office, the custom office, the Income Tax Office, the Railway Mail Service the Military Accounts Office, the secretariat the Civil Courts, each has its own Union formed on the basis of one or more for each regions. Sometime they form their own federation. Some years ago a confederation of government's of Indian Employees Union was formed into

which a number of ~~such~~ Unions~~were~~ were affiliated.

In 1925 all India Railwaymen's federation was formed. Between 1925 and 1930 there was a number of strikes in railways against cuts, retrenchment, various acts of discrimination and opposition of railway administration. The Central Legislative assembly took sympathetically railwaymen's grievances. Consequently, new leave rules, revised pay scales for lower categories of the staff and liberalization of rules regarding working hours and periodical rest were framed.

Another important federation that should receive notice here is the "All India Port and Dock Workers Federation" which was formed or, to be more exact, revived in Calcutta in June 1954. The federation is powerful in Bombay, Madras, Calcutta and Cochin. They have within their field workers employed by port trusts or port commissioners as well as workers employed by stendores and other contractors. They take a prominent part in the work of the Dock Labour Board, the port trust and other authorities in each port. As a result of the activities of trade Unions in the last decade a substantial improvement has been made in the condition of dock and dock workers. The Indian National Trade

Union Congress has also a rival federation in the field. It has so far little fruitful activity to its credit.

Civilian employees of the Defence Ministry have also their Unions. At present there are two all India federations of these Unions. It became more stable after the war, they had to face the big problem of retrenchment. The workers were regarded as extra temporary workers who were not entitled to any protection even after as long as ten years of service. Unions which grew up in Delhi, Kirkee, Kanpur, Calcutta and Bangalore took up this issue and agitated against retrenchment. In 1953 their federations merged and formed a new United federation. It was called the All India Defence Employee's Federation.

Municipal workers being to the category of very low paid worker. On some occasions attempts were made to organise their federation on a communal basis, but even those attempts did not yield much result. There has been a strong movement that time and a number of Unions were formed such as sugar workers, cement workers, petroleum workers, miners and others. But they were usually affiliated to a particular central federation. The Indian National Trade Union Congress and Hind Mazdoor

Sabha are federation functioning separately and independently in a number of industries.

Another class of Unions, the Union of white Collar's workers which had kept themselves away from Central Trade Union organisations, some of with central organisation. Their problems were different from that of manual workers.

The most important section of the white collar workers was represented by bank employees at an early date. The directory of trade Unions published by all India Trade Union congress. Organisation amongst bank employees grew rapidly during the days of World War 2nd. The tribunals finalised the cases of agitation of bank employees.

After the nationalisation of Life Insurance in 1956 and the formation of the Life Insurance Corporation they came together and formed a common organisation.

The role of trade Unions in different sectors conduct the same services. We have analysed that different trade Unions and federations have fought for the welfare of their workers. Ultimately, the Trade Unions have achieved their goal to get a wage rise and

other economic benefits. The trade Unions in different disciplines, participated for the welfare of their workers. The different problems have been solved by the active participation and struggle in favour of the demand of workers.

5. TRADE UNIONISM IN BANKING INDUSTRY:

Since the advent of the trade Unions in India from 1919 to the beginning of the second World War. The working class of India also struggled and achieved an eight hours working day. It was particularly the bank employee, who still could not reach even that norm of eight hours working day, and the bank employees tailed ceaselessly with unlimited working hours. With very limited pay and no over-time. There remained only one hope and that was unification of bank employees throughout the country. The exploitation and law of hire and fire of those days cannot be imagined by the present generation.

The origin of Trade Union is not an outcome of hobby, chance or recreation. A worker does not join any industry for fighting against their employer but joins to sell his labour and earn a livelihood to fill his belly. But due to the tyranny or exploitation of the employers side the problem arises, and the workers join together to fight out injustice.

The bank employees of the country were the most down-trodden and had no service conditions, as no time of coming but never knew hire of going. There was

insecurity of service, the salaries of a bank clerk was between Rs. 10/- to Rs. 40/- per month, which was a very small amount for them.

Under the prevailing circumstances a bank employee named Mr. H.S. Parvana came into the lime-light and organised the bank employees for their common cause. He formed a Union in 1944. This was the first Union in bank. Mr. Parvana formed another Union as Bharat Bank. The management in both of these banks got furious and tried to dismiss the activity. The Bharat Bank employees "gheroed" against the management. Consequently the employees were transferred from one place to another but the Union kept on functioning.

Resorting to these activities in 1948 and 1949 the entire working committee of the Union was dismissed and picketing was crushed with the use of brutal police force, but the movement could not be stopped. The case of Bharat Bank was referred to the industrial Tribunal which re-instated all employees. Later on the decision was challenged by the Management.

Mr. Paravana began to organise the big employees on a big scale. The All India Bank employees association

was formed but could not achieve much at the initial stage.

It is in this context that it was first seen that the government came forward to the rescue of the bank employees and instead of the bankmen sitting across the table for a negotiated settlement. Third party, intervention in the shape of tribunal was imposed. Thus in 1947 many awards came for different regions referred to the tribunals. The limited scope of the application of the awards set off a chained re-action and agitation began to ferment the banking employees. They launched a strike and achieved victory, but against the victimisation of two employees, the strike again went on. After some time the government of India approached for assistance and promulgated an ordinance whereby the Banking and Insurance Industries were made central subject as regards the Industrial disputes. After the recommendation of "Sen Award" again, in 1952 the "Shastri Tribunal" was appointed to solve the various unsolved problems of bank employees. In 1966 the All India Bank Employees Association signed a country-wide bi-partite settlement with the "Indian Banks management Association" and "Exchange banks Association" concerning wages and service conditions of the bank employees. In

1969, the government of India nationalised fourteen major Indian Banks, functioning in the country. The All India Bank Employees Association worked not only for the interest of its members, but it fought in 1973 against the high prices, hoarding credit policy etc.

The Bank Unions, however, still follow the action which is made by their tribunals, the trade Union time to time agitate against various disparities and follow the recommendation given by its tribunal. In 1983 Trade Union raised its voice against the computerisation and of mechanisation in banks as they thought it to be a substitute of manual labour. Hence retrenchment and consequently the problem of unemployment may arise. The issue was also settled through the agreement, therefore, no agitation since then has arrived.

FOOT NOTES:

1. Organic composition of capital"actually was the ratio between constant capital to variable capital (As essay on marxiam economic London 1949 p.7) by Mrs. John Robinson.
2. Report of the National Commision on Labour headed by Gajendra Gadkar (New Delhi, Govt. of India, Ministry of Labour,Employment and rehiliation 1969) p.277.
3. C.B.Memoria,Personnel management (Bombay,Himalaya Publishing House 1982) p.943.

CHAPTER - II

Emergence of Banking System.

1. Historical development of banking Industry.
2. Banking an individual urge or~~and~~ a state responsibility.
3. Banking a traditional out come of Economic development.
4. Mass participation of people in banking Industry.
5. Unification and polarization of banking potential.

1. HISTORICAL DEVELOPMENT OF BANKING INDUSTRY.

Banking in India is of an ancient origin. It has gone through various stages of evolution and development since the Vedic times (2000 to 1400 B.C.) When the money lending business was quite prosperous. Pledging, commenced around the Buddhist era (500 B.C.) and deposit banking, in the second and third centuries A.D. There is a mention of the Indigenous banking that has been mentioned in the laws of Manu. Since the time of the vedas the banker has been an indispensable pillar of Indian society. Banking has known and practiced in India as a time when the rest of the world had yet to evolve a medium of exchange in the form of money. This fact is a fair evidence to show that Indians were quite familiar with the business of banking much before it came into use in the west. The banker, first in the form of money lenders, followed by indigenous bankers, and later on as commercial banks have been playing a decisive role in the economic life of our country. So significant has been their contribution in the service of mankind, that their impact has been felt in almost every conceivable activity of man. Their contribution in financing schemes of the Government during war and peace, for culture, and for trade, commerce and industries.

According to Crowther "The Bankers, had two other ancestors, one was the money-lender and another was the gold-smith".¹ A money-lender is one, who advances credit to his customers, day-in and day-out, while a banker implies any individual or private firm which in addition to providing loans, either receives deposits, or deals in Hundies, or both, grants loans for trade and Industry. The money lender finances mainly for consumption. According to the Central Banking Inquiry Committee reports, "opinions regarding these bankers are divided, some consider them as wholly abominable, and unscrupulous usurers, a land grabber, the famestor of factions called him the cultivator's friend, the traditional guardian of his property, an ever present help in time of trouble."²

Indigenous bankers who were popularly known as Seths, adequately financed the requirement of production, trade and commerce. They have been the main source of finance for industry and agriculture. Indian banking was, in no respect inferior to merchant banking in other parts of the world. The indigenous banker was the trusted custodian of the deposits of the people's royalty. They financed not only for the trade of the country but also filled the requirements of the royal

treasury. (These were the main source of finance for industries and agriculture in India.)

At present, the system of indigenous banking is an institution in itself with its excellent past regarding the respectability, resourcefulness and integrity of its members, their hereditary relations and ultimate present contacts with their customers and simple economical and popular ways of work.

But with the fall of the Mughal Empire, continuous wars and uncertain condition of life prevalent in those days marred their business. The advent of East India Company, which patronized the Agency Houses and Presidency banks had shown much of the glory of the indigenous bankers. To adjust themselves to the new circumstances must, therefore, be as described not to their narrowness or conservatism but to the circumstances of the time. During the later part of the Eighteenth century, when the East India Company, was in power without responsibility most of the foreign trade passed out of the hands of the people. The inland trade also was monopolized by the servants of the company for a considerable time.

As a result of this the indigenous bankers

naturally lost their old predominance. It is a recognised fact that the indigenous bankers tried their best to adjust themselves to the new environment, but the difficulty before them was that at no cost East India Company wanted their survival, and the rigid attitude led to their ultimate decline.

The establishment of the Indian National Congress in 1885 had its impact on the growth of modern Indian banking. At the turn of the century, India had 20 banks, 3 presidency, 9 Indian and 8 foreign banks. The Swadeshi Movement gave fill-up to Indian business enterprises and this in turn helped the growth of Indian banking. Quite a few banks that were launched in this period, are the leaders of our banking industry today. For nearly two centuries, the era was marked by all-in-all support of the requirements of a colonial economy. India owned commercial banks, specialized in financing agricultural produces, while the foreign banks confined their business to the financing of exports of primary goods to the United Kingdom and other industrialized nations. But the commercial banks could not get success to replace money lenders into banking. The money lender who was an oasis in the desert of finance in the rural sector, financed mostly through

money lending and dis-counting of hundies. Thus the usurious practices of the indigenous agencies and associated therewith continued to corrode the static economy, with the banks un-willingly contributing to their preservation.

During the Second World War Indian banking registered a note-worthy progress from 1938 to 1945. The number of commercial banks increased from 180 to over 700, after independence.

The war time growth came to an end in 1949 and the ship of India's economic advancement had to pass through several strains and stresses and face many road-blocks and pit-falls during this decade (1950-60).

During 1950 to 1960 the planned development, deficit financing of a very high magnitude was resorted and a tremendous investment both in the public and private sectors were made. Currency, in circulation accelerated to a great extent and the bulk of credit also greatly stepped up.

By 1951 the number of banks were reduced by over one hundred and deposits diminished to Rs.908 crores. The former development was ^{taken place} largely due to the fact that

127 companies were declared as non-banking companies since March 1949, when the Banking Companies Act (now Banking Regulation Act) came into operation.

The process of strengthening the banking system through transfers ~~as~~ assets and liabilities voluntary amalgamation and compulsory mergers ~~were~~ done which helped to nationalize the branch structure of the banks and thereby led to a considerable economy in operation.

In the modern commercial age, money is the pivot around which the whole economy revolves, and the "money economy" could not do without the institution of banking for any considerable time. Banking methods might have been changed but throughout Indian history bankers as a class, have enjoyed great honour and their influence on social life has been phenomenal.

2. BANKING AN INDIVIDUAL URGE OR STATE RESPONSIBILITY.

Development of banking has been an ancient feature of India. The process of this development has been rather slow because of the people's urge and confidence in banking takes time. The pace of development cannot be matched with the pace for the need of advancement. It means that the State alone is responsible for the slow rate of the development. ^{But fact is,} People's inner desire is very important for banking advancement. The individual urge is the first stage of the development through which human desire prefers the use of banking machinery for their economic development. Individual urge means an inner drive or impulse or intention to do certain acts in a specific manner to achieve the desired goal. In this sense the function of self motivation is called individual urge. Self motivation is that which inspires oneself to fill any desire. Therefore, it is said that individual urge is related with desire for security in terms of economic, social and spiritual one and desire for response in terms of companionship, social mindedness, confidence and desire for new experience and terms of adventures, new interest and new ways of doing the existing practices. Therefore, it is worth-while to

analyze that felt and unfelt need of an individual which accelerate the self-motivation process, through satisfaction of such needs. While introducing a new concept or a new technology in the form of Banking, is the most important consideration. It is the satisfaction of felt needs of banking of an individual. Each individual is placed at one of the hierarchy levels and for motivating him/her, one has to identify the specific need satisfaction for favourable acceptance of the new technology to be introduced. Banking as an important innovation in the economic region has the characteristic to satisfy individual desire for security, for response and for new experience. Therefore, it is the self-motivation which induces, one to use the banking. As an individual finds many facilities through banks like deposits, cheques, travelling cheques and other many more facilities, one likes to get involved in banking functions. At that time when there were no banking facilities, people faced many difficulties to keep money secure. Therefore, it was, the inner feeling of an individual to participate in the banking function.

Banking, on the other hand, is the instrument which deals with public money and is run only on those conditions where people desire it and take benefit

through it. Bank is that factor, which fascinates people to participate in various function, besides it is a tool of the country's development, as all the economic activities revolve around the banks. Therefore, the Government also shares the responsibility for more production and development (our country is predominantly an agricultural country). Therefore most of the people live in rural areas, ^{wherefore} banks and state both are responsible to make them involve in banking functions, share or participate in the banking system. The work of the economic growth will be half-done if the rural people do not take part in banking functions. The state and banking policy provide inspiration to them to participate in banks. The history of developed nations is a guide-line which evokes state responsibility to accelerate the pace of banking development in a developing country. It not only gives greater confidence to the masses but also incites people's urges in much grater dimensions. If the individual urge is combined with the state responsibility it becomes a perfect technique for advancement. This is the combination of man and material at command, this can be used as the advanced technology for banking. It is important to note that either of them cannot flourish without the help of

~~each~~ other. India's mixed economy also helps to undertake, to combine the individual and the state in the joint venture, so as to attain inter-dependence of economic and a social system for the acceleration and the pace of the development of our economy in conformity with the techniques available outside the country.

Confidence of the masses is an important factor in participating banking function. It is the grass root that can be quite emerged of policy making and the result oriented. As such we can state, that the individual urge and the state responsibility both function as the wheels of the carriage to catch the speed of economic development. People of the nation can be expected to create the will and determination in larger interest of the society. This has to be supplemented by the state authority in the shape of the state responsibility so as to give a much grater dimension in developing economy. Banking Industry in India is one of the most influential enterprise which combines urban and rural masses together and undertake collective responsibility of rural and urban industry. The power potential is both in the possession of the state and the individual which forms the actual force of the economy of the country. The greater the

participation between them, the greater is the part of the development of the banking Industry. It can be only through the individual in the collective way which can mobilize state responsibility for the development of the banking Industry. This is a very important part of the banking management so as to combine individual urge with state responsibility in the emergence of the banking Industry. This is a sort of direct or indirect methodology in the working and an enterprise like banking Industry, even the import and export of working technology requires complete harmony and understanding between the state and the people for the greater participation by each other. Such a methodology gives maximum success and avoids risks in a competitive economy.

3. BANKING A TRADITIONAL OUT-COME OF ECONOMIC DEVELOPMENT.

Banking activity which is known as an industry does not act as a manufacturing industry. Business of Banking, is in truth, only a public service. It produces funds for trade and Industry and plays a vital role in the economic and financial condition of the country. In India banking service ~~has~~^{been} rendered by several agencies. There have always been indigenous bankers, like, individuals, families or firms who from the very early times have been rendering such services to the agriculturists and merchants. The money lenders have been following their vocation for centuries, with close and informal relations between the lenders and the borrowers. The financial demand of rural people was completely met by those money lenders. It has been a very effective financial agency in the rural region in our country. Though the money lender has his dark side, yet he has fulfilled a definite purpose in our rural economy.

Indigenous banking was another feature which existed in olden days. These comprise with heterogeneous class of working people. They have generally been

combined, banking with trading on commission business. The contribution of indigenous bank as a whole to the supply of finance ~~was~~ substantially large. The business of finance was about 75 to 90% of the total internal trade of the country. This ~~was~~ a credit agency. Indigenous bankers occupy a position of considerable importance in the country's economy and economic development.

This past history clearly indicated that banking system in ~~our~~ economy always ~~remained~~^{existed} in existence. These banks were ^{known as} effective tools of economy. People were generally self-reliant till they require money from them ~~but~~ for the productive and un-productive purposes. As close financial agencies money lenders came into the way for the help of people and indigenous banks worked efficiently ~~for~~ urban areas. The internal trade in our country was very wide and it fulfilled the consumer requirements. Some commodities were very famous ⁱⁿ abroad, on their demand these commodities were exported to other countries.

The success behind this development was much related to financial agencies. Though money lenders have always been black-listed due to their mischievous

activities but they have functioned successfully as a financial agency for the development of economy. Indigenous banks were much related to urban business. It provided money to the merchants.

In more recent times organised banking has taken up the same role to a large extent. Commercial banks are the chief characters to play the role as financial agent for the economic development of our country-men. It is common knowledge that commercial banking are providing facilities and credit to urban as well as to rural people. These banks have assumed developmental role for the social welfare and economic benefits. Moreover the banking Industry does not obtain spectacular and high profits as in certain manufacturing concerns or Industries which in olden days money-lenders and indigenous banks used to get.

Commercial banks now play a more crucial role in accelerating the tempo of growth in a developing economy. At present commercial banks play a vital role compared to olden days. (The spreading business at international level is also governed through banking). In fact banks, now, are the mark of the nation, the nerve centre of economics and finance of a nation and

the barometer of its economic prosperity. The commercial banks mobilize the peoples saving and divert them into productive channels. It is through these functions, ~~that~~ they serve as the index of commercial, Industrial and financial stability and growth of a nation.

As soon as the society got changed from ancient to modern, the commercial banks influenced the economy in a greater amount. Entrance of the East India Company made a revolution in our economic world. Agency houses operated the functions of commercial banking. The banks in Madras, Bombay and Calcutta were opened. These were not the result of any forced phenomena, but as soon as economic requirements arose then the demand for financial help also increased. The industrial development and, diversion of people from rural to urban, cottage Industry to large Industry, prevailed to depend upon banking more pronounced. After Independence these banks are functioning successfully with their objective of welfare and economic development.

The nationalization of banks in 1969 was a turning point in the history of banking. The Socialistic pattern of society was the slogan given by the Indian government. The nationalization of banks could fulfill

the object of socio control. Nationalization of banks could maintain the balance in socio-economic structure which was going to decline.

Now the commercial banks have been organised in a sophisticated manner. The requirements of the society and industries are closely related as they both are in need of finance, and which is provided by banking institutions. Now the glamour for growth is increasing in the world. In our country, where we are only in the developing stage, we have to adopt the process of development of banking and according to our demand.

With the result of increasing economic development the banks must have a commercial out-look to keep pace with commercial development. For their own existence and solid foundation they require an increase in their own profit, income and objectives. As the industries depend upon the banks and vice-versa. Every unit of bank tries to win over the other for their business, tries to get the maximum profit to achieve their objectives for their profit as well to help in economy. Thus the Industry and banks are inter-linked. Each unit of bank tries to win over the other, with the result of this, economic development of the country depends very much on the

activities of banks, and banks have to look at the commercial out-look to keep pace with commercial development.

4. MASS PARTICIPATION OF PEOPLE IN BANKING INDUSTRY.

For Economic growth there should be adequate banking facilities. The surplus saving of the people may be utilized for promoting national development. The changing role of the banks in promoting saving, has been playing in developing economy. Mobilizing resources, and improving the quality of range of banking service in rural areas (the significant factor) through the credit flow. The banks in making millions of people thrift, is a concession of credit. It becomes necessary to plan the bank working in such a way that it may act as a pivotal instrument of planning and to involve people in the banking Industry. The banks should prepare the plan in this regard for the aim so as the urban and rural people both start taking interest in various functions of banks, which are provided to them. The extension of adequate and well managed banking facilities should command the confidence of the people. It is an essential factor for mobilizing people for the use of banks. Consequently it is said that saving and investment capital, are the significant functions which attract the people for their participation in banks.

In olden times the masses of the people used to go

for the finances to either money-lender or to indigenous bankers, therefore, the utilization of banks, is not a new one. The dark age comes in between and in the British period, banks came into existence which provided facilities of finances to people. After Independence several measures were taken to attract people for their participation in banks. Mass participation is meant for the large number of people, involved in banking functions. The expansion of the banking facilities requires immediate attention in view of the fact that the country has embarked upon economic planning to raise the living of the masses.

Organization extension of the banking system is a necessity for economic development and for the mass participation of people in banks. It is mostly realized when the flow of money is directed to banks. In order to popularize the banking functions, it provides many incentives to its consumers. The gift system, traveller cheques, cash certificates, high rate of interest, small saving scheme, draft and cheque encashment etc., in some way or other, people are related to these functions. In urban areas people cannot imagine living without banking, but in rural areas people still do not take benefit out of it. In rural areas banks are utilized

only for credit purpose. And as, the economic liberty, it is a pre-requisite for growth and no progress of the rural people is possible till the money-lender is out to a reasonable size. Crowther has stated regarding the rural credit, "The services, he performs are undoubtedly useful and necessary, even though the reward he extracts in return may usually be rapacious."³ Seeing all these situations, banks have been proving a successful competitive alternative of them. The bank's agencies, and a state aided agency, could do hard work on this matter.

In our country the organised banking sector covers only 30% to 50% people, the unorganized sector constitutes a powerful force and threat to the monetary balance. The impact of cash money ^{is greater} (outsiders will not promote the economic growth). Therefore, a strong step is needed to attract the people for bank facilities. Door to door services will promote the participation of people, the incentives like high rate of interest, income-tax exemption, immediate payment of credit, cheques, draft should be clear in lesser time and other schemes for the benefit of the consumer will raise the number of people participating in banks for one or for more purposes. However, the urban people are more

conscious about the banks they utilize, for various purposes but rural people still are not much awakened.

The larger number of people who may take more benefits through banks live in rural areas. The banks render their door services through mobile banks for rural people and deposit money. They may be expressed well all about the incentive which are given by banks. The advertisement will also promote the number of rural people for the use of banks. Co-operative banks are also working in this field.

In order to facilitate the people in large numbers regional banks should be opened. Such local or unit banks by utilizing the services of the larger national and medium regional banks ^{may increase the number of people.} The first thing to be done is to list the total number of places requiring banking ^{and in those places banks should be opened.} facilities. Banks can do a lot of work regarding the assistance of government.

Full employment is a phenomena which is essential to obtain all round prosperity. The concept of full employment states the situation, where no individual in a country is un-employed. Government takes several steps to achieve it, through banks. The economic planning, Economic Committees, advisors and other learned persons

are rendering their services to make all the schemes and plans successful. Their working of-course cannot succeed without the help of banking, as banking is a major tool to implement the plan and get success through it. The monetary and financial policies of government are implemented through banks, such as 20-point Programme. The financial assistance^{are} provided to poor^{persons} under this programme through Banks.

Apart from physical factors some psychological factors are also required for increasing the number of people in banks. The good-will and confidence, are the base for gross creation of proper atmosphere. "Climate" is required to generating confidence, and goodwill. It is the pre_requisite for establishing a healthy banking system. Many factors are responsible to contribute the larger number of people to involve in banks. The standard of performance of business, technical knowledge, understanding and experience, the safety of banks etc. The most important factor is, the public notion towards banking business. This is one of the most unpredictable factor which is susceptible to all kinds of rumours and hear-saying. This uncertainty is greatly responsible for re-trading the growth and development of banking system. The doubt will loose the confidence of

public which is no vital for its success. The insurance of bank deposit is intended to give a measure of protection to depositors, in particular to small depositors.

It is argued that sick banks should be rehabilitated. The weak banks should be put on a sound footing. There is still, a change required for the working method.

The growing need of banking is an indication of economic development of our nation ~~for~~ the financial requirement. Its utility, objective and purpose are different in our country. Different people involve themselves in different vocations. Among them some require greater financial help while some require lesser. Some people need for a short period and some wish to take finance for a long term. These varieties of occupations may be classified in various categories. In our country the living of the people may be divided into two categories, one from regional point of view, which is rural based, another is urban based. Though heterogeneity of vocation is greater in urban areas but financial sector is stronger. The rural people are engaged either in agriculture or in small and cottage industry, partially or wholly. The media of financial agencies is also different in rural and urban areas. The existence of indigenous bankers are mainly in rural areas and banks are in urban regions. The working method and system of both are very different. The functions of money-lender are for their own interest, and for the same, they do not feel guilty to exploit the creditors.

The business of the indigenous bankers is generally a family concern and mainly they operate it with their own funds. They do not, as a rule attract deposits from their friends and relations. They grant loans against all kinds of securities such as gold, jewellery, land, promissory note, hundies, etc. They lend against the personal credit of the borrower to a much greater extent, than is done by the joint-stock banks. The indigenous bankers accept securities which would not be acceptable to the scheduled banks. They also buy and sell remittance bills and discount hundies. They finance the movement of crops from the villages to the mandi-centers and ports. They also purchase rural produce and act as the purchasing or distributing agents for the mandi firms.

The indigenous bankers still follow the traditional methods with regard to their banking business. They keep accounts according to the Mahajani system, and their principal instrument is the hundi or the internal bill of exchange drawn up in a flowery language carrying a high rate of interest ranging from 9 to 10%.

As the indigenous bankers rely principally on

their own funds, there is very little contact of indigenous bankers with the organised sector of the money market. When these bankers are hard pressed for money during the busy season they re-discount hundies with the commercial banks. In this way some funds flow from the organised sector to un-organised part of the money market. As they take a risk against the natural calamities, they charge a very high rate of interest and grant loans for short periods only.

The problem of reforming the indigenous financial system has been discussed for a long time by thinkers. A number of suggestions have been made from time to time. Yet no satisfactory solution has been arrived at. There are three main views on the future of indigenous banking. One school of thought believed, that it should be eliminated altogether as it is not in tune with the emerging economic structure of the country. The second school advocates, the establishment of direct lines with Reserve Bank of India so that indigenous banking can be given not merely a formal recognition but can be made to play a distinct role in the country's economic development. The third school would like this un-organised sector to be linked with commercial banking.

More and more experts have been advocating the third view.

It is argued that indigenous banking organised on traditional lines can hardly become an instrument of economic change. The process of emergence modern Industry, trade, organised banking in our country is a big challenge for these to adapt itself to the changing environment. With an ever-widening geographical and functional coverage of commercial and co-operative banks. The sphere of activity of indigenous banking has been shrinking continuously. In view of high rate of interest, lack of ability and the absence of a proper image in public eyes, it is believed, they have to fight strongly for their survival.

The view that indigenous bankers have no alternative but to face and compete elimination, is exaggerated. There are certain factors which lead to think that despite the, rapid growth of co-operative credit institutions and commercial banks, the unorganised sector will have its place in the economy. With the increasing tempo of economic development the demand for credit from small borrowers has increased manifold or will increase further in future years. The

existing organised institutions will not be able to meet all the credit requirements of the small men. The type of banking services provided by in-digenous bankers is perhaps more suitable to meet the needs of small men. However, if indigneous banking is integrated with commercial banking it would help in weaning the former away from financing socially undesirable activities.

The Indian Central Banking Enquiry Committee had stressed the need for integrating the indigenous bankers who constitute the core of the un-organised money market with the organised money market and had recommended linking the in-digenous bankers with the Reserve Bank of India. The Reserve Bank of India has repeatedly tried to bring indigenous bankers within its fold but without much success. In persuance to the recommendations of the Indian Central Banking Enquiry Committee, the Reserve Bank of India prepared a scheme to include indigenous bankers doing banking business. In the second schedule to the Reserve Bank of India Act, 1934, the Reserve Bank suggested three conditions for their direct integration." (1) Shedding of non-banking business. (2) Maintenance of proper books of accounts and (3) Acceptance of the Reserve Bank Inspection and regulation of their banking business."⁴ On fulfillment of these

conditions, indigenous bankers were to receive the Reserve Bank privilege of re-discount, re-financing and remittance facilities as also the right to secure the advance against securities. These conditions were not acceptable to shroffs. Considering the fact that these banks played their part in the financial system of the country, the area of operation of them in an organised manner should be extended. The Reserve Bank of India should exercise indirect influence over the business of indigenous bankers through the agency of commercial banks, so that the function of organised sector may have impact upon the un-organised one.

The unification of organised and un-organised banking sector influences our economic development. The growth of our economy remains inadequate if rural areas have not come into the influence of developing functions as the majority of the people still live in the rural areas. The demand and objective of rural people is different from urban. However, the banking potential is very much dependent on their demand and requirement. Apart from diversities the financial agencies can work effectively for the rural and urban people uniformly.

The organised sector of banking provides service

to rural and urban people. The rural banks do better in the rural areas. The consolidated work of banking, polarizes the banking potential. The system, ability of work, the nature of workers, and their tolerance can increase the banking potential. The urban people are aware of their requirements and economic use of finance. The banks are duty-bound for their efficient service. The rural people who are mostly illiterate cannot follow, the complexities of bank working. It is the legislation and the working method^{of banks} which can attract rural people to use the banks for their economic purposes.

In the^{previous} decades and at present, many programmes of branch expansion have been made to unify the rural and the urban sector and to polarize the banking potential, and a new dimension ^{expected to} was ^{generate} for the economic growth of our country.

FOOT NOTES

1. An outline of money revised edition 1959 p.no. 22.
2. Report of the Bombay banking Enquiry Committee Vol.I, para, 251.
3. An outline of money "1959 p.no.22 - 23.
4. The bulletin of Reserve Bank of India, 1934.

CHAPTER - III

Banking structure of the country with special
reference to Bundelkhand region.

1. Un-organised and organised sector.
2. Role of Reserve Bank ^{and} of other banking constituents.
3. Working norms of banking Industry.
4. Role of Regional Rural banks in the development of Bundelkhand.

1. UN-ORGANISED AND ORGANISED SECTOR:

Banking structure in our country is related to two main factors, the organised and unorganised sector. The organised sector exists mainly in urban areas while unorganised is in rural regions.

India is essentially rural in character and outlook. Nearly for fifths of its population which is preponderantly illiterate lives in the rural areas, largely un-connected by any means of transport. It is but natural that the banking habit should be conspicuous by its virtual absence in the country side, where units of organised banking in small volumes exist. Agriculture the main vocation of the majority of the population is an organised individualistic and risky enterprise which in the absence of adequate supply of money, depends largely on the vagaries of nature. Next comes the sizable sector represented by small and cottage Industry which generally suffer from the lack of external aids whether scientific, economic, advisory or financial. To present a general picture of the Indian banking system is indeed not an easy task. The indigenous sector comprising the numerous moneylenders and indigenous bankers who constitute even today the largest component

of our country's credit machinery.

At the base of the credit machinery are the village moneylenders who have for centuries been providing finances to the vast multitude of borrowers for purposes of consumption as well as production. The indigenous banks come next who finance for trade and Industry. The money lenders ^{have been} ~~were~~ very effective financial agencies for credit in rural areas. The money lenders and their relations with their creditors were not limited upto economic sphere but in cultural and in other social activities, they ^a ~~came~~ together. The money lenders were the only agencies who used to pay credit without knowing the object of taking loan. The indigenous banks did not practice to provide credit for un-productive purposes. The villagers ultimately went to the money lenders. The treatment of the money lenders was not hidden from any one. Their mischievous economic behaviour was likely to protest against, but the villagers were simple, poor and un-organised. They lack substitute for their financial requirement. The lack of transport, means of communication and information, the most important was their illiteracy made them more weak in finance.

During this century the moneylenders and the indigenous bankers through their sphere of activity are being gradually curtailed. They continue to be an important agency in rural and semi-urban areas of the country. The growth of commercial and co-operative banking shared the market of moneylender and indigenous banks. The credit needs of the rural and urban people are also met partly by the credit co-operation. The progress of credit co-operatives could not finish completely the moneylenders, but the magnitude of their business could check the moneylender's activities to a greater extent. The existence of rural banks in rural regions have entered sharply. The impact of these rural banks are greater on rural people, and we can say that these banks have succeeded in removing the moneylender's effect from the rural regions.

The organised sector is confined mainly to the towns and cities. The commercial banks constitute the most homogenous group of financial institutions. The exchange banks are also very strong and effective. They are engaged mainly in foreign trade (but some years, back they had inclined towards for Inland banking also). The state Bank of India is a well organised bank and functions as a government agency.

In urban areas, no other agencies met with success as commercial bankings have. The indigenous banks which were organised in their functions used to operate in cities. The demand-requirement and economic activities were far different from rural people. The industrial development export import and some other work of economic and social importance were very large for urban people, therefore commercial banks which originated for the work of credit agencies afterwards developed as an economic beneficiary agency for urban people. The functions of banking are well organised. They have their constitution, under which they work. The system of banking is under provision, the management can not take any arbitrary decision, they are not the supreme power, the manager or officers also work under certain rules and regulations. The work of commercial banks is quite systematic and provide services to their consumers. The Industrial banks which provide credit for Industrial purposes finance on an organised way.

After the nationalisation of banks, all the banks have come under the social control, hence their aims are not only to gain profit but for public welfare. The operations of banks are based on the laws, regulations, and on fixed attitude. If the question of judicial

arises, they can not avoid the rules for their Individual benefits. The democratic based pattern shows equality and uniformity in working and in other matters.

Bundelkhand Region\$,

Bundelkhand region is a backward region. The region comprises of nine districts. Among them four are in Madhya Pradesh and the rest five are in Uttar Pradesh. The main source of livelihood has been agriculture. The region has been under-developed socially and economically therefore it did not state a glorious history. In these fields poverty, ignorance, illiteracy are the characteristics of the people of this region. The growth rate of economic development is very slow.

The history of un-organised and organised sector existed in the same way as it has expressed for other parts of the country or it will be better to say, that the history of dominance of un-organised sector in this region is rather longer. The main occupation of the people, has been agriculture, and the chief sources of finance was found in the form of moneylenders and indigenous bankers. These two agencies controlled all the economic activities. The rural people did not have

any substitute financial agency, they used to fulfill their financial demand through money lenders. The objective of loan was not always productive but often, they demanded for un-productive purposes. The un-productive credit did not beget return, consequently the moneylenders took them into their grip. It raised the problem of indebtedness and in other sense the extension of un-organised sector.

The region did not consist of any big city. Therefore the function of organised sector was nominal. But as soon as the government paid its attention towards its development the commercial banks, industrial development corporation and other financial agencies were established. Consequently some cottage and small scale industries came into the existence. All these industries have been financed by organised agencies. The agriculture sector is also financed by these financial agencies. Therefore it is expected that in the near future un-organized sectors will completely disappear.

2. ROLE OF RESERVE BANK AND OTHER BANKING CONSTITUENTS.

Central Bank in any country has come to regard itself as the engine of an economic growth, rather than a stabilizing agency. In the present circumstances the promotional or developmental aspect of the country, Central Bank has come to be considered more crucial. As a matter of fact Central Bank has established in the country for the twin purposes, the accelerating of economic growth and to generate the banking system to meet the needs of priority sectors in the country. The latter aim can be accomplished through a proper regulation and control of commercial banking policies. The Central Bank of the country has to control and regulate currency and credit in the country, for this and other purposes the Reserve Bank of India was established in 1935 which marks the beginning of a new era in the history of Indian banking.

The Reserve Bank of India has played a pivotal role in the development of our country. The other banking constituents like commercial banks also come under the control of the Reserve Bank of India, under the acts of banking. The each bank should obtain a

licence for carrying on the business of banking in India. No commercial bank can open a branch without the prior permission of the Reserve Bank of India. The Reserve Bank of India has been given wide powers of supervision, inspection and control over the activities of banks.

The Reserve Bank of India's record as a promotional agency is quite impressive. It established the Banker's Training College in Bombay and set-up for its own staff a training college at Madras in 1963. This has encouraged many commercial Banks to establish similar colleges either individually or jointly. It has taken an active interest in improving the quality and standard of banking personnel by sponsoring, organising and conducting training courses for different categories of bank employees.

The Reserve Bank of India has played a wide role in the development of our economy as well it has given incentive to follow the commercial banks' programme. The Reserve Bank of India has given constant endeavour to support development with stability and to ensure that the production effort of Industry is not hampered by the lack of finance. The establishment of the "Industrial

development banks" of India (A wholly owned subsidiary of the Reserve Bank of India) follows closely on the heels of the stagnant capital market. Another innovation is the setting up by the Reserve Bank of India, the Agricultural Re-finance corporation on July, 1st 1963 for providing re-finance facilities to eligible financial institutions against medium and long term credit granted by them for growth of Indian agriculture.

The Reserve Bank of India has been able to provide liberal finance to the central and provincial government for the execution of various projects under the five year plans for economic development.

The Bank has actively worked for the rapid growth of the Indian banking system by innovating many more schemes like the establishment of export, credit guarantee corporation and being a central bank of a developing country the Reserve Bank of India has actual role to play viz. to regulate the volume of bank credit and also to promote economic development.

As regard the assistance to the commercial banking sector, the Reserve Bank of India has been fairly liberal. The Reserve Bank of India has proved a "Light House" for other banking constituents. These banks have

been playing a crucial role in enriching the economic and social life of the nation all over the world. In the modern economy bankers are to be considered not merely as "dealers in money" but more realistically the "Leaders in development" similarly banks are not just the store-houses of the country's wealth, but are the reservoirs of resources necessary for economic development.

In the context of the country's economic development the Reserve Bank now performs a variety of development, and promotional functions. The bank's responsibilities comprise the development of a stronger banking system for catering to the needs of the important and mainly un-organised sector of agriculture and small-scale Industry. Broadly speaking the operations of the commercial Banks and headed by Reserve Bank of India in the sphere of rural area remained very much important. The All India Rural Credit Survey Committee observed that rural credit was unable to feed the rural sector. The Reserve Bank of India has been assigned a crucial role in this scheme of integrated credit. The Reserve Bank of India is now providing short term, medium term and long term credit on an extended and liberal scale for the rural people.

The expanding role of the Reserve Bank of India in the Industrial finance is yet another new feature in the armoury of central banking. The bank has played an active part in the establishment of special agencies for the provision of Industrial finance. The Industrial finance institutions are financed by the Reserve Bank of India which participates in the share capital of the various state finance corporation.

In the wake of implementation of the plans, the Reserve Bank of India has rightly been called upon to bears the additional responsibilities of providing necessary finance to meet the government's deficit. The rising scale of investment and lays under the plans increasing government's expenditure and the supply of "created" money by the Reserve Bank of India have been the outstanding features of the country.

The commercial banks which are closely associated with the Reserve Bank of India have also played a significant role in the nation's economic development. Banking has been acknowledged as an instrument or vehicle for bringing about socio-economic change in the country. As such banks are no longer regarded merely as lending institutions but as development agencies. To

achieve this objective they have taken up the role of prime moves in the process of development. Their task is not merely to follow the heels of development but to set pace for it. They are serving along with the Reserve Bank of India as important catalysts in the economic and social transformation of the country, commercial banks, co-operative banks^{and} finance corporations are the sectors which proving active player in the role of economic development. These financial institutions are financed and guided by the Reserve Bank of India and with their discretionary^a powers these financial constituents work jointly.

Agriculture Re-finance corporation, the Rural Banks land development ban and the co-operative credit society^{ies} and other banks greatly depend on the assistance of the Reserve Bank of India.

BUNDELKHAND REGION:-

The Reserve Bank of India does not involve directly in the function of rural region but sends directions and advises for the development of the area. Commercial banks and Regional Rural banks have much saying for rural working and for its development. In Bundelkhand region^s commercial banks and specially "lead bank" are functioning with greater intensity. The

facilities are provided by the Reserve Bank of India are distributed well in the region. The department for "Rural planning and credit" issues the progress report for the economic and rural development programme of government. The "Agriculture Banking college Pune" also provides training to Banking officers, which again is the body established by the Reserve Bank of India. Therefore the Reserve Bank of India does not function directly for the rural development. Hence no rural programme for the Bundelkhand Region too, but indirectly, this is the body responsible for the whole economic development programme, specifically for rural region but the guideline of the Reserve Bank of India should be strictly followed in rural banking and in the under develop regions of Bundelkhand. The directions of the Reserve Bank of India should be expedited strictly which will give credit to banking of the region, its role should be appreciated in developing the Bundelkhand region through banking functions and development, it will purely be the guideline for other regions.

3. WORKING NORMS OF BANKING INDUSTRY

Working norms in banking Industry plays an important role in creating healthy relationship among workers and management. The healthy relationship is a significant feature for raising productivity. Peace and prosperity are largely dependent upon harmonious relationship between unions and management. Working norms comprise the sets of rules, regulations and principles which govern the working organisation. Working norms are integrated part of the entire policy structure of an organisation. Work sense in any organisation constitutes its most valuable resources. The personnel area of management is devoted to acquiring, developing, utilizing and maintaining an efficient work force. Keeping in view the management bears a heavy burden of work and responsibility. The success and failure of the organisation largely depend upon the performances of its management as well as of its employees. In the opinion of Calhoon, ^{as quoted by Ramkrishnayya} "Employees can not be operated like a machine. Even a small segment of discontented employees, can stop an entire company's operation at tremendous cost. The working norms cover a variety of subjects related to the staff and management relations and Union-management relations. Working norms

cover the history of the organisation employment conditions, safety rules, recruitments and selections, training, placements, promotions, demotions, transfers, grievance handling procedure, collective bargaining and financial aid to employees."¹

The patron should be very careful while formulating working norms because it has both short term as well as long term effects on any bank.

Working norms are influenced by many factors such as customs and traditions of a particular region, state of competition, attitude of management, government rules and regulations, technological advancement and state of unionism in banks. The working norms in general possess certain characteristics. These should be specific as to principles but in general minute details should be avoided. They should possess high degree of permanency with certain flexibility. It safeguards the organic unity of organisation, recognises individual difference and conforms to government regulations, and considers the interest of the employee, the public and also the consumers, who is the most important factor. These policies should be the result of careful analysis of all the ~~t~~he facts available.

These working norms of banks should be to inform at each level of management. Workers also get information either through union leaders or directly.

The working norms produce good and healthy relations, while un-sound may cause labour unrest. Although the coverage of working norms is very wide among them like selection, trainings, promotions and transfer policies at the part of the worker is very important. The productivity discipline, working capacity, working condition, staff relation, and above all public service or consumer service on the other side, are the significant factors.

In Banking Industry after independence, some banks which were under the social control like, State Bank of India, Central Bank etc. were having different norms to those which were governed by private hands. The government was not ignorant of the condition of private undertaking of banks, therefore the working norms helped and safeguarded the position of the employee working in private banks.

The banks are the institutions which primarily effect the economic development, and those banks which were handled by private enterprises could not reach

their goals of social welfare. Of course they emphasised more on their individual interest. The government planned the economy on the principle of socialistic pattern, hence it was the raising question at that time to take banks under the social control for the benefit of the country. Consequently in 1969 banks were nationalized and the banks came under the "negotiable acts". "Desai Tribunal" and "Shastri Tribunal" fixed the working norms for the banks and finally these were implemented in all banks.

After nationalisation the objective of the banks were directed towards the economic development. The norms could make easy the condition of the workers and helped them to work hard and get benefits. Therefore the over time policy was implemented. If any worker works more than normal working hours he is paid overtime accordingly. The bonus system was also regularised in favour of the most of bank workers. It helps workers to operate their work efficiently and effectively. On the part of the management certain rules and regulations have been made which empowered the management according to their managerial level, but truly till recently not much attention was given to placement as a toll for

effective management in the banking Industry. Most of the time union leaders remain more effective than their managers and surprisingly sometime transfer of the manager can be made on the request of the employees.

The working norms of promotions are classified in three or four tier systems. The different banks have adopted the policy according to their facility. Trade Unions generally distrust promotion on merit because it weakens their strength. They believe on seniority basis promotions. The shastri Award expressed, " we are unable to agree that mere length of service alone, irrespective of efficiency, educational qualification, character and nature of responsibility were required in connection with vacancies to be filled. It should be the role or even the main criterion for promotion".² It is true that seniority provides confidence to employees but merit can not be overlooked. Transfers are made only when an employee gets promotion or an officer completes his three years in any branch. The customer service is the main factor in banking Industry, there for~~the~~ performance of employee in the field of consumer service is an important consideration. The working norms mostly emphasise the consumer service, the objective of economic development, social welfare and economic

activities through banks.

The working norms in the banks are not avoided but the norms which help and facilitate them are also added. Transfers in case of women are taken sympathetically. Their transfers are entertained where their husbands work. Maternity leave and other facilities are given to them.

In short the working norms which create the environment of sound working, this sound working becomes a tool of efficient working of workers, who work with the objective of social welfare and economic development.

BUNDELKHAND REGION:

Banking system and its norms are applicable uniformly all over the country hence the norms under the employees work are the same in Bundelkhand^{REGION} as in the other parts of the country. The objectives, the working conditions, Union Management relations, workers' welfare policy, management and its power etc. are the same as it is found in the other regions of the nation.

However the government takes special consideration for backward regions. Bundelkhand is also included under the backward area therefore a sympathetic attitude is

observed for the people of this region. The policy of rural banks in rural areas, its branch expansion programme, loans, advances to the unemployed and self employment programme, small, cottage and home Industry and others are the functions for which the rural banks in Bundelkhand area are opened.

In Bundelkhand region the main problem is lack of capital, which made the people of Bundelkhand vulnerable. The illiteracy and the vicious circle of poverty are pronounced here. The economic facilities like transport, communication, education facilities, housing, electricity development, Industries for new innovation and new techniques, and also lack of opportunities for their economic upliftment are absent.

4. ROLE OF REGIONAL RURAL BANKS IN THE RURAL DEVELOPMENT:

The Regional Rural Banks are the new banking institutions which have been added to the Indian banking scene since October, 1975. Up to the end of June, 1983, 142 Regional Rural Banks with network of 6,413 branches have been opened in the states of the Indian Union. These Banks have been established by the Government of India in terms of the provisions of the Regional Rural Banks act 1976. The distinctive feature of a Rural Bank is that, it is a separate body corporate with perpetual succession and common seal, it is very closely linked with the commercial Banks which has sponsored the proposal to establish it. The central Government while establishing a Rural Bank at the request of the commercial Bank, specified the local limits within which it should operate. The rural bank may establish its branches or agencies at any place within the notified area.

The necessity of Rural Banks was felt because the credit agencies the cooperative banks and the commercial

Abb: RRB = Regional Rural Banks

banks lacked in certain respects in meeting the needs of the Rural areas. The weaknesses of these institution in this regard may be summed up as follows:

- (1) The cooperative credit structure is weak so far as the managerial talent and post credit supervision and loan recovery are concerned. These institutions have not been able to mobilise adequate resources.
- (2) The commercial banks are basically urban-oriented.

Therefore the need was felt for a new institution which was intended to be locally based, rural oriented and commercially organised.

A Rural Bank, carries on the normal banking business, i.e. the business of banking as follows:

- (1) The granting of loans and advances, particularly to small and marginal farmers and agriculture labours, whether individual or in groups and to cooperative societies.

The granting of Loans and advances particularly to artisans, small enterprises and persons of small men engaged in trades, commerce or industry or other productive activities within the notified area of Rural

Bank, facilities are provided.

In all discussion of the role of banks in rural development, it is now common to refer to the phenomenal increase in the number of rural branches, and in the volume and spread of rural deposit and rural loans since the nationalisation of banks. No doubt figures are impressive and perhaps, in no other country has so much been achieved in so short a time. It is never less true to say that a great deal remains to be done and the core problems of rural development are still to be tackled and solved.

Those who are concerned with rural development are aware of bewildering complexities and disparities arising from our continental size and the varying agro-ecological and social-cultural conditions. Rural development means the development of the rural people nearly 50% of which are below the poverty line. The economic activity, which is a permanent base and will move it above the poverty line. It is not an easy task, and in hostile agro-ecological condition only innovative technologies and management methods will be worthwhile for development. It is in this context, it is to be considered how the rural bankers can become development

bankers. The Sivaraman Committee explained the meaning of development banking.

"The basic concept of development banking is that credit is consciously used as lever of development. It is different from lending against individual application as and when they come. Development Banking assumes anticipation and adoption of a plan of action. It calls for initiative and energetic involvement on the part of the bank developing the potential opportunities of the undevelopment or under developed sections or sectors, through selective and strategic input of credit.³" The development banker has to ensure.⁴

- (i) that this credit institution will have tailor made loans according to the needs of specific areas and specific target groups.
- (ii) that the loans are linked to the credit worthiness of the purpose rather than to credit worthiness of the person.
- (iii) that the Loans will be disbursed as part of the overall integrated programme which provides the necessary backward and forward linkages.
- (iv) the loans are disbursed in kind to the extent

possible towards the agreed package of inputs and extension service.

Regional Rural banks have attracted considerable public attention and aroused high expectations for weaker section of the society for the rural development by the end of March, 1983 there were 141 RRB's covering 246 districts geographically, they have covered almost all the districts in the less developed states/regions etc. where sizeable credit gaps have been found to exist. The RRB's are now an integral part of the rural credit system. The RRB's completes the credit demand of the rural people. Recognising that RRBs are mainly intended to help weaker sections, with little or no security to support, considerable attention needs to be paid to intensify supervision over implementation of the schemes for ensuring generation of incremental income and prompt repayment. The RRBs have represented that their effectiveness in an area would get strengthened if they were allowed to extend credit facilities.

The major objective of RRBs' is to develop the rural economy by providing credit and other facilities for agriculture, trade, industry, and other productivity activities, in the rural areas particularly to the

small/marginal farmers, agriculture labourness, artisans and small entrepreneurs while RRBs as scheduled banks carry on "banking" business, their operations are somewhat limited because of the fact their loans are confined only to the weaker sections of the community. None the less they accept all types of deposits and also render their banking services consistent with the needs of the area and their capability.

The RRBs therefore, have done a lot of work for rural people. RRBs have expanded their branches for achieving the objects. The number of RRBs at the end of september, 1982 was as follows:

	Number of Branches
Rural	4960
Semi-Urban	344
Urban	39
Metropolitan/port town	1
	<hr/>
Total:	5344 (6458 as on 31/3/1983)
	<hr/>

Regarding the loans operation at the end of March, 1983, 141, RRBs had total outstanding loans of about Rs. 602 crores including indirect advances (made through

PACs and F SSS). The average per RRB worked out to Rs. 4.65 crores, while average per branch amounted to Rs. 9.32 lakhs. Out of the total direct advance those granted directly to small/marginal farmers. Landless Labourers, rural artisans and other sections aggregated Rs. 505 crores as at the end of December 1982 as against Rs. 422 crores as at the end of June 1982.

The recovery performance, according to available information was, in respect of 141 RRBs as at the end of March 1983 shows that overdues stood at Rs. 134 crores forming nearly 22% of their total loans outstanding at Rs. 602 crores.

The RRBs are working efficiently in the rural areas for various other economic programmes like employment to rural people (and government is also keen to make rural development rapidly), the farm mechanisation scheme, financing to sheep and goat development schemes financing to Gobar Gas plant Bee - Keeping, Dairy development etc.

RRB - Regional Rural Banks.

ROLE OF "REGIONAL RURAL BANKS" IN BUNDEL-KHAND REGION:

In Bundel Khand region, three Regional Rural Banks are functioning. Rani Luxmi Bai rural bank has been working for five years for Jhansi and Lalitpur district. The bank was established in 1982, 31st March, and was introduced by Punjab National Bank. In Hamirpur and Jalaun District Regional Rural Bank named "Chhatrasal Rural Bank" was established in 1982 30th March. Allahbad Bank introduced it. In Banda district "Tulsi Rural Bank" was opened in 1981, 26th March, since July 1981. The Branches of Rani Laxmi Bai Bank had 45, chhatrasal Bank 79 and 83 Tulsi Rural Banks in Banda district have been operating. Total Number of deposits made by Rani Luxmi Bank were 3138.99 lakhs, chhatrasal Bank deposited 285.50 lakhs and Tulsi Gramin Bank accumulated 740.47 lakhs till 31/3/87. The functions which have been operated in different sectors by these banks can be evaluated in these tables given below:

FOOT NOTE

1. By Shri M. Ramkrishanyya, former Chairman, NABARD source. "Banking and insurance" A business standard supplement(dated 21.10.1987)para - 3.3 para - 3.5.
2. Shastri Award (Indian Bank Association VPV) P.n.147
3. Source : Bankers Institute for Rural development Lucknow, Volume, page - 43.

ग्रामोद्योगों व शिल्पों हेतु प्रदत्त अग्रिम प्रगति

तालिका-4.1

॥ राशि लाखों में ॥

रानीलक्ष्मीबाई क्रेषाबैं		छत्ताल ग्रामीण बैंक				तुलसी ग्रामीण बैंक		
अदत्त स्थिति		वितरित		अदत्त		धनराशि		
खाते	राशि	खाते	राशि	खाते	राशि	खाते	वितरित	अदत्त
	13	0.41	13	0.39	391	11.51	10.07	
1075	31.29	573	12.74	560	10.96	1056	25.40	15.97
2015	57.14	1557	33.77	1195	19.02	2475	43.67	33.53
3104	83.71	2241	50.09	2063	33.83	1703	38.07	27.76
137	3.85	2964	67.84	2720	46.57	2093	61.43	38.21
179	5.89			2982	51.07	2616	77.41	44.73

- स्रोत:-**
1. रानीलक्ष्मीबाई क्षेत्रीय ग्रामीण बैंक मुख्यालय से प्राप्त सूचनाएँ।
 2. छत्ताल ग्रामीण बैंक: वार्षिक प्रतिवेदन 1983 से 1986 एवं मुख्यालय से प्राप्त अतिरिक्त सूचनाएँ।
 3. तुलसी ग्रामीण बैंक: वार्षिक प्रतिवेदन 1986, पृष्ठ-9 एवं मुख्यालय से प्राप्त अतिरिक्त सूचनाएँ।

प्रगति नैनम प्रकार रही है ।

फसली ऋण वितरण प्रगति : तालिका- 3.2

वर्ष	राशि लाखों में					
	रानीलक्ष्मीबाई ऋणबैंक		छत्ताल ग्रामीण बैंक		तुलसी ग्रामीण बैंक	
	खाते	अदत्त राशि	खाते	वितरित राशि	खाते	वितरित राशि
1981					16	0.13
1982	57	0.58	4	0.03	181	1.83
1983	366	3.57	953	14.62	364	4.95
1984	366	3.51	2565	46.37	799	9.95
1985	2630	30.93	6915	113.78	1396	18.83
1986	1984	25.24	8872	140.19	1230	21.53
1987	1920	29.51			1268	22.13

- स्रोत:- 1. रानी लक्ष्मीबाई क्षेत्रीय ग्रामीण बैंक के मुख्यालय से प्राप्त सूचनाएँ।
 2. छत्ताल ग्रामीण बैंक के वार्षिक प्रतिवेदन 1983 से 1986 तक.
 3. तुलसी ग्रामीण बैंक वार्षिक प्रतिवेदन 1986, पृ-9.
 4. बैंक के मुख्यालय से प्राप्त अतिरिक्त सूचनाएँ ।

पञ्च परिवहन हेतु आग्रम-तालिका-5.3 राशि लाय लयनों में :

वर्ष	रानी लक्ष्मी वार्ध ग्रामीण बैंक		छत्ताल ग्रामीण बैंक				तुलसी ग्रामीण बैंक		
	अदत्त		वितरित		अदत्त		वितरित	अदत्त	
	खाते	राशि	खाते	राशि	खाते	राशि	राशि	खाते	राशि
1981							1.01	71	1.01
1982	1	0.02	46	1.23	46	1.18	7.81	331	6.85
1983	8	0.29	258	8.35	212	5.47	13.13	533	9.34
1984	18	0.55	800	18.29	590	16.07	26.46	1011	20.53
1985	-	-	1217	28.63	980	20.52	32.83	1207	22.15
1986	36	0.91	4911	136.02	-	-	39.63	1167	25.23
1987	38	0.93	-	-	-	-	43.16	1277	27.91

- टीका :
1. रानी लक्ष्मीवार्ध क्षेत्रीय ग्रामीण बैंक के मुख्यालय से प्राप्त सूचनाएं
 2. छत्ताल ग्रामीण बैंक वार्षिक प्रतिवेदन 1983 पृष्ठ 22, 1984 पृष्ठ 21, 1985 पृष्ठ 6, 1986 पृष्ठ 6, मुख्यालय से प्राप्त अतिरिक्त सूचनाएं ।
 3. तुलसी ग्रामीण बैंक: वार्षिक प्रतिवेदन 1986 पृष्ठ 9 : मुख्यालय से प्राप्त अतिरिक्त सूचनाएं ।

पेशे व स्वसेवायोजना हेतु अग्रिम-तालिका-5.2 राशि लागू वर्षों में :

वर्ष	छात्राजि ग्रामीण बैंक				तुलसी ग्रामीण बैंक			
	वितरित		अदत्त		वितरित		अदत्त	
	खाते	राशि	खाते	राशि	खाते	राशि	खाते	राशि
1981					1.73	108		1.73
1982	-	-	-	-	7.02	261		6.19
1983	656	17.28	656	15.16	10.94	700		12.21
1984	1799	44.51	1142	39.19	29.58	1426		22.13
1985	2655	70.33	1713	45.10	56.15	2596		35.29
1986	2965	91.45	344	12.87	80.57	2713		47.29
1987								
मार्च	-	-	-	-	97.81	3307		58.64

प्रगति अग्र प्रकार है :

लघु व्यवसायी व फुटकर विक्रेताओं को अग्रिम-तालिका-5.1 राशि लाखों में ।

रानी लक्ष्मी बाई क्षेत्रीय बैंक		छत्ताल ग्रामीण बैंक				तुलसी ग्रामीण बैंक			
		पितरित		अदत्त		पितरित		अदत्त	
		खाते	राशि	खाते	राशि	खाते	राशि	खाते	राशि
अदत्त	राशि								
खाते	राशि								
						1.08		85	1.08
222	7.44	8	0.21	8	0.19	31.80		1138	25.49
11	0.96	1015	26.35	1007	22.63	76.47		2980	51.54
222	4.79	5612	110.75	5370	107.00	130.47		5468	90.93
1898	36.30	9579	212.68	6956	151.59	180.60		7552	123.89
2234	46.35	9579	212.68	11907	256.07	259.46		8304	158.49
3484	91.22	-	-	13759	293.13	295.11		10551	171.02
31 मार्च 1987				31 मई 1987		31 मार्च 1987 तक			

1. रानी लक्ष्मी बाई क्षेत्रीय बैंक के मुख्यालय से प्राप्त सूचनाएँ ।
2. छत्ताल ग्रामीण बैंक वार्षिक प्रतिवेदन 1983, पृष्ठ 22, 1984 पृष्ठ 6, 1985 पृष्ठ 6, बैंक के मुख्यालय से प्राप्त अतिरिक्त सूचनाएँ ।
3. तुलसी ग्रामीण बैंक वार्षिक प्रतिवेदन 1986 पृष्ठ 9, मुख्यालय से प्राप्त अतिरिक्त सूचनाएँ ।

1. उद्योग निदेशालय, उ०प्र० कानपुर, गतिविधिवार पत्रिका 1985-86 पृष्ठ 1-2.

प्रश्न:-

1. रानी लक्ष्मीबाई केंद्रीय ग्रामीण बैंक के मुख्यालय से प्राप्त सुचनाएं ।
2. छत्रसाल ग्रामीण बैंक के वार्षिक प्रतिवेदन 1986, पृष्ठ-5.
3. तुलसी ग्रामीण बैंक के वार्षिक प्रतिवेदन 1986, पृष्ठ-6 व 7.

CHAPTER - IV

CONSUMER SERVICE IN BANKS

1. Commercialisation of Banking system.
2. Concept of door to door Banking system.
3. Banks to undertake all the economic activities of individual.
4. Banking to be made a habit rather than a concept for economic help.

1 . COMMERCIALISATION OF BANKING SYSTEM:

Banking essentially is a service Industry and the main objective of a commercialized bank is to sell financial services. Mobilisation of financial resources to the Bank's mainstream from which flows a significant out-put of services for ~~the people~~ or ~~for~~ its customer-clientele. Mobilisation of resources is one fact, the services rendered by banks. Indian commercial banks have relied up-on the traditional type of services rendered to customers in the usual fashion. But now , as a consequence of both, technological advances through out the world, and consumer demands, Banking service need to be progressively updated, consistent with modern day needs. It is high time that banking undergoes a developmental orientation. This requires fundamental changes in the basic routine and procedure as well as staffing pattern.

The marketing of banking services is basically providing customer satisfying service at a profit to the bank. The effective usefulness of the Bank's service will determine the level of good will and satisfaction enjoyed by its clientele-customers. Since the best form of advertising for any service is, indeed by the

customers themselves, it is imperative that banks should plan, organise, direct and control their marketing programme to fulfill and achieve the needs of its clients, in the ever changing climate of socio - economic requirements.

Bank Personnel must make changes in this systems and methods to incorporate the progressive increase in science and technology with a view to expanding and expediting their services and thereby meeting the ever increasing demand from urban and rural development.

Marketing as a tool of customer satisfaction in past, was rarely employed by the banking system in our country. Now it is the creation and delivery of customer satisfying services at profits to the banks. The bankmen create a lasting impression in the mind of the customer therefore bank personnel should realise that a satisfied customer is not only going to come again but perhaps more important is, that a customer will be a source of getting additional consumers for them. ~~The banks must but perhaps more important is, that a customer will be a source of getting additional consumers for them.~~ The banks must, organise to control their marketing programme with a view to attain their

desired objectives. Besides, banks should pay due attention to technological development and adopt techniques with changing requirements. The Chief General Manager, Shri Bodhistwar Rai has pointed out to bankmen for the better services, he says "an attempt has been made to present for the benefit of our operating staff, the various mechanism/tools in use with us for gauging the standard of customer service rendered by banks. The objective indeed is to make 1986, the true "year of the customer". Banking is a service industry with an expanding market. Therefore economic growth has shifted "its center of gravity" from Urban to the Rural sectors", hence a new market strategy will have to be evolved".¹

Bankers, need modernisation and active participation because in modern times they have to begin to deal with a large number of services to their customers in order to attract deposits and other functions. They act as custodian of stocks, shares, valuable and ornaments, they deal not only in foreign and inland bills of exchange but also with bills of railway receipts, ware houses receipts, and marine Insurance policies. They stand as securities on behalf of their customers and help industries by under writing

their shares and debentures. They transact for passports visas etc. so as to assist businessmen traveling abroad. Cheque cards and credit card arrangements and pay roll services have been introduced (and ^{now} are operating) various other schemes as ladies counters, morning and evening shifts of working for the convenience of customers Loan scholarships for students, personal loans for the purchase of domestic consumer articles like sewing machines, cookers, radios, furnitures and fans, scooter, motorcycles etc. The Motive behind all this is to extend maximum service to the customers and create an enviornment of goodwill.

The Redclief Committee, which reported in 1959 rightly stressed the supremacy of service as a factor in gaining confidence and good-opinion of the general public. Anon has aptly observed that "no matter how many important international arrangements, it may enter into it, is the service of the Local branch that gives most people their view of banking in general and their opinion of the individual institution. Thus the motto of every bank should be first to effectively retain the existing customers and secondly to attract new ones, by good service - liaison relationships."²

Another serious point which should attract the

attention is that the banker is the deposit savings (mix current deposits and saving deposits together) from only a minor portion. The lion share is consumed by term deposits. The cost is also relatively higher. This has left the banker with a narrow margin between interest received on advances and interest paid on deposits.

The only alternative left to the banker is to find out new vistas which will fetch income to the banks. One such move can be to enlarge the ancillary business. As the banks are getting commercialised more and more, they are going to indulge in all commercial spheres, therefore, these keep in mind for their expending services.

Banks have started extending services at times convenient to various categories of customers in the morning, afternoon and evening etc. Services like night deposits, late night lockers facility are now extended by a number of banks on selection basis.

Keeping the convenience of the customers in view, bank have started opening branches in residential areas, shopping centers, industrial complexes and University campuses so that their customers do not have to walk long distances.

A number of banks now help customers by giving

them technical advice direct or through institutional agencies. The commercial banks have been conscious of that fact that it is not difficult to induce people in the supper income brackets to deposit their savings with them. The real difficulty arises with the small men in the rural areas, to mobilise savings of the small men in rural ^{area} India. Banks have started opening offices at a rapid pace in such areas since the nationalisation, but opening a branch in a rural area does not mean banking. Although a new approach to publicity is called for realising this, nationalised banks began with translating forms and other publicity literature into regional languages.

To collect deposits from the lower income class, banks have introduced a number of schemes to suit various categories of depositors to motivate them to have at regular intervals, the piomy, Janta deposits, Insurance linked deposit, Annuity/Retiring scheme, Minor saving scheme, cash certificate scheme, festival deposit Scheme, housing deposits scheme, gift Cheques, extension counters, farmers deposit scheme, recurring deposit etc. are the new schemes for the customers to expand the area of marketing to popularise the bank in view of commercialisation.

2. THE CONCEPT OF DOOR TO DOOR SERVICES:

In view of the vast size of the country and the difficulty of covering all rural areas with banking offices, it has been suggested that Indian banks should be encouraged to start mobile banks in order to tap sources of deposits in widely scattered areas of population which would otherwise be left untouched. The mobile banks have a great publicity value. They have to serve the far flung Localities and make them ripe for a permanent branch.

Mobile banking probably had its origin in November, 1946 when the National Commercial bank of Scotland introduced the world's first mobile office in the island primarily to provide a service to the conglers engaged in the Harris- Tweed Industries. It proved useful travelling and created great interest in other countries including India.

The mobile bank consist of all comforts. It is bullet proof and equipped with two way radio telephone system. The Radio in addition to rendering a valuable security service against attack on breakdown, it informs with no delay to its parent branch customers information, Arrangements are made to feed the town

daily and the villages by weekly or tri-weekly according to the needs so that more villages could be brought within the perview of the same mobile bank. The route is usually taken in a horse-shoe fashion, as far as possible. The entire journey, however does not exceed 50 to 60 miles in foreign countries and 25 to 35 miles in India. So that a day's transaction can be settled the same day or the next day. The mobile bank is staffed with a manager, a secretary, two tellers and a driver who takes changes of the duty of a guard as soon as the Bank has opened its doors to the public.

The door to door services in India gained popularity through the mobile bank. The first "Bank on Wheels" was Launched in India in 1950. It became so popular that a second one was started into service soon after. The bank of Jaipur, Bank of Rajasthan and around 1970 Bank of Baroda, Bank of India, Punjab National Bank, Dena Bank have embarked upon similar experiments. Unfortunately, the Bank of Patiala and the Bank of Jaipur abandoned the innovation in Lurch without giving ample opportunity for its success. The sponsors of the scheme Judged it solely by considerations of immediate profit and not by the angle of crucial role it might play in a welfare state. If the post offices which

copied the idea could multiply its mobile offices. The Indian Banks could also do it in 1962 "Asian seminar on Banking" held in Bombay suggested "with proper planning and perseverance, mobile banks could even play their role in due course. It will therefore be worth while commissioning a mobile bank to operate in exhibitions industrial colonies and such residential colonies that can not sustain a regular office of a bank, Mining areas, tea-gardens and newly established town-ships may be the best fields where traveling banks may be tried as a pioneering effort to inculcate use of banks among people."³ Though people now have got awareness about the utility of banks but still require newly developed areas. The villages and the new township area even very near to the city still require encouragements of banking habits.

In developing countries like India, which are sought to be served by mobile banks, have got some difficulties, one among them is very severe and that is lack of communication and good roads, several regions in our country are more or less cut off from the outside world during the monsoon, it creates the problem of security too. These days bank docoities are not uncommon, rural areas in many parts of India have hardly

come out of medieval conditions. In Rajasthan, M.P. and U.P. for example regular gangs of dacoits are operating. Even today white collared ~~today~~ have started operating the job and not only in the night but in day light banks are looted and no amount of police vigilance could field the requisite results. To make it counter, ,the joint venture of mobile banks and post offices can be applied. The security problem is the same before the two institutions, therefore it would be best recommended to adopt the security measure jointly.

Besides these, banks are reported to be costly as they do not yield results against the experiments incurred on the project. Though these banks have not failed but these could have been very successful. In rural areas they have hardly gained anything except advertising for its business. Good progress however has been made by those branches which operate in colonies of big cities.

There is yet another dis-advantage of a mobile bank which can not secure maximum utilisation of the employees capacity as part of the time is lost in moving from one center to another.

Moreover, persons serving in a mobile banking unit

are subjected to much greater physical strain and mental tensions than these working at the counters of a normal banking office in a town, how so ever small as such it is with great reluctance that experienced members of the staff agree to work in a mobile branch for a pretty long time. The possible solution is to make more frequent transfers and to give incentive in forms of allowances, promotions, preferences or anything for mobile staff.

A significantly note worthy point about a mobile bank is that, it is certainly not going to fetch as much business as a branch in a big city. But since its sphere has been broadened to cover not only one but a nucleus of eight to ten centers. It has reasonably good chances of becoming viable within a few years. The greatest achievement of a mobile unit, however, is that it helps the banks in locating potential centers of growth suitable for permanent branches. A number of permanent branches of important banks in India are the direct outcome of experience gained through mobile banking operations.

Some mobile offices these days, are operated by some Indian Commercial banks in our country. Some of these banks are, the Bank of Rajasthan, Bank of Baroda,

Bank of India, Dena Bank and Punjab National Bank. The Rajasthan Bank was the first successful experiment of any bank in India to start door to door services in a city. The bank of Baroda commissioned 3 mobile banks in 1964 one each at Nadiad, Patah and Baroda. The first mobile Bank started functioning on 7th Feb. 1969 at Porbandar. The P.N.B. also operated the mobile services for "Delhiates".

Some efforts in relation to door to door services were operated in favour of small schemes and the schemes for childrens' saving. The children who took part in this scheme could save money each month and that money was taken by bank ~~mean~~ going from door to door, to their small customers. Though this scheme could not prove very successful but it can be made successful with some improvement in it. The point of convenience will make the plan more extensive and successful.

abb. P.N.B. = Punjab National Bank.

3. BANKS TO UNDERTAKE ALL THE ECONOMIC ACTIVITIES OF THE INDIVIDUAL

It was Adam Smith who wrote Long back about the bank and its utility "it is not by augmenting the capital of the country but by rendering a greater part of that capital active and productive than would otherwise be so, that the most Judicious operations of banking can increase the industry of the country. As such banks can play an important role in accelerating the pace of economic growth." "The pivotal role" aptly observed by the father of Economics, and The erstwhile ex-finance Minister of India Mr. Morarji Desai once said "that the role of the commercial banks play in the economic development of the country needs no emphasis. Banking when properly organised adds facilities to grow the industry and hence of the national economy. In fact commercial banks are the heart of the world, the nerve centre of economic and finance of a nation, and the barometer of prosperity and adversities. They form a significant part of financial mechanism of the modern state and stimulate the flow of capital in to trade, commerce and industry. The commercial banks provide an effective channel for utilisation of individual saving

into most productive use of the country's economy."⁴

Therefore Banks are required to play such a role where the masses of the country may act in the function of banking. Banks are needed to involve in each economic activity where each individual may get benefits out of it. As it has analysed above in a developing country, the role of banking is greater, hence banks have to render its services involving all the economic aspects of the individual from morning till evening and even at the night. Thus the banks should think of increasing services such as taxation and investment, advisory services, pay day, quick loan, booking of air and railway tickets, issuing "all-purposes", credit cards on the basis of credit grading of the customer and arranging for passport etc.

The carrying of standing orders like payments of income tax, house tax, water^{tax} and electric charges are now getting common. On the advice of clients banks undertake to function as executioners of their customer's will collect on salary of bills of the Government employees etc.* In short there is hardly any economic activity in industrialised nation where the guidance and help of a bank is not needed. Thus not only literates but even illiterates, not only major but also minor and

not only males but also "Pardahnashin" women open their accounts ⁱⁿ with modern banks. These programmes are applied for our country also. There are so many functions which are rendered by our commercial banks apart from providing facilities of deposit and withdrawal of several kinds. Payment of salary through banks, granting of scholarships to the students, granting loans to the urban and rural people and Foreign Exchange Banks for international affair etc.

Some other programmes also suggested for deep involvement in economic activities. Such as "An emergency voucher service" in banks. Such a service is prevalent in the united kingdom and the united States of America which provides unique service to the common man who will be able to encash the voucher issued by the bank at any Burmah-shell service station. These vouchers are like traveller's cheques and can be purchased from any branch of the bank concerned in denomination of Rs. 100 or Rs. 50. They have to be countersigned at the time of encashment of the service station. Such service has been started by the central bank of India in our country. In Bombay they are subject to a maximum of Rs. 100 at a per person. The service is free. Other Banks in India may follow it in collaboration with the Indian oil

corporation. Some banks have started the service.

In metropolitan centers of the country, certain branches of bank should provide some services round the clock. In India banks were open to the public for only 22 hours a week against 27 1/2 hours in London, 30 hours in Frankfurt, 35 hours in stockhom, 40 hours in New york, 42 1/2 hours in Zurich. Hence working hours should be increased on sundays and holidays as working days whenever it is felt necessary or desirable. An extra shift should be run by a section of the banks to clear remittances and transfers even on the same day.

Banking comitte states " The possibility of starting "Night Dispositary service" may be explored. Indeed it will be worthwhile installing "night safes" at some of the bank offices, particularly those located in busy shopping centers to enable customers to lodge cash safely over night after business hours. A few banks have been experimenting with "Local Box Services" at selected centers."⁵

The establishment of Drive in Banks in places considered suitable for the purpose will have a specification effect on the customers who could drive in their car right up to the counter, cash their cheque or

remit in cash their cheques and obtain receipt in a minute's time without even having to shut their engine. The experiment is worth trying in large cities, in areas with parking hardships in busy suburbs and entrance to big cities.

Saving by students is another activity which is significant for the saving habit. The student community has not been goaded directly to build-up the habit of saving. The youngsters in the colleges and schools are definitely a potential source of savings. The temptation in the modern life to spend on unnecessary things are available. It is essential, therefore that students are told about the virtues of saving, the classical prescription of "Hard work and save more" is equally applicable to the students and for the entire society. The banks can come into contact with the students community by providing "Educational Advances" to the needy and worthy students to continue their higher studies. "Students saving scheme should be observed by all the branches of the banks. Such a scheme is bound to have a solutory impact on the savings of the community in the long run. They will be aware of the utility of banks not only for saving but for their other economic activities too.

"Boat Banks" is another concept which may consider to act for those who live near the coastal areas. The Syndicate Bank and other have started functioning covering the west coast of India, intensively leaving Bombay, from Ratnagiri to Kanya Kumari districts. The Banks in this area are operating with high potential in mineral wealth, spices and fisheries. Similarly these areas are in the East Coast which require the bank's help for the proper development of its natural resources. It is argued that more funds should be available for mechanised boats, cold storage facilities and boat building yards, so that the potentialities of the sea coast could be fully exploited. The sharp growth of boat banks around coastal areas and Nicobar and Lakshawadeep Islands will help small fisherman, farmers, Islanders and others.

Banking activities are not only for urban people but the efficiency of banking will be real when they undertake the economic activities for rural people. Banks however have introduced some schemes to help agriculturists and artisans. "Village adoption schemes" have been started by some banks for extending their financial assistance. Farmers service societies provide a package of agricultural credit for related services.

Farm graduate scheme is for those, who are agriculture graduates and enable to acquire land. Many of the banks have Launched schemes for farm based activities like poultry, dairy, farming pisciculture etc. and also for fishermen. When there is occurrence of natural calamities, the commercial banks on the advise of the Reserve Bank of India provides assistance to effected farmers.

Some banks have started to perform the service in travel agency work, securing ~~of~~ ⁿ passengers ^{for} accommodation in hotels, obtaining details of passengers sailing and general travel information.

Scheme of payment of pension in our country has been started on the recommendation of the Reserve Bank of India. The collection of pension cheques drawn by central/state government. as a social obligation and not to levy - collection charges other than postal charges.

"The banks provide overdraw facilities under certain conditions. The facilities may attract consumers to use bank for their economic behavior. Credit cards or "Courtesy" cards are issued to value constituent as identification cards, upto specific amount on any particular day. The constituent can encash his cheques.

The new Bank of India recently on (18th March 1987) on its Golden Jubilee day introduced New Cards for cheque encashment facility. The holder of this, can avail the facility for encashment of two cheques upto a total limit of Rs. 2,500/- per month free of charge. A few banks provide tax assistance service, few provide execution and trustee services, some of the banks have formed subsidiaries to undertake this business which is of a highly specialised nature."⁶

Banks can begin service in the area of consultancy also. They can provide guidance ^{and} fostering round projects. The banks may try to go out of the traditional rut and offer assistance through intelligently designed schemes for growth having potential for development. Banks can give suggestions to various industries, firms, factories and also in agriculture sector in finance and other matters. The bank which will work as a consultancy bank will advice its associated banks for economic betterment, (for the involvement of finances and achievement of their goals. Banking and its wide activities will finally affect banking habits of the people. Therefore again it becomes an important responsibility of banks to create banking habits among persons.

4. BANKING TO BE MADE A HABIT RATHER THAN A CONCEPT FOR ECONOMIC HELP:

Banking habit is a feature which can develop the business of bank and economic development. The banking habit will increase the deposits, consequently it will effect the economy.

The bank should take measures to adopt meaningful marketing approach. In locating classes and groups of customers worthy of nature, Indian banks should make continuous search and research to find out what attracts and detracts depositors to a bank. Even some of the biggest bank in the world carry on regular investigation, and for banks in a developing country like ours with low per capita income and need for such studies are all the more important.

Though some efforts have been made through mobile banks which make people conscious about their deposits and other banking utility, the rural people have also come to know about the banking habit, but still a gap is experienced between the activity of banks and the habit of banking in our country. Intensive efforts are necessary to make more people bank minded and the approach in this respect could be section wise i.e.

covering certain specific villages or groups of village or both.

There is one important suggestion given regarding women branches, to open in large scale. "As women are powerful source of saving, banks should, therefore make unflinching efforts to tap savings from them by opening the above said "women branches". With the growth of economy, it is but natural that the female participation is gainful. Even in India one may find that the social stigma attached to female employment is slowly withering away. Ladies are increasingly taking part in the different areas of economic life, and as a result the number of working women is increasing."⁷

Therefore except a few attractions provided by the banks in the form of loans to furnish houses for interior decoration and for the purchase of few electrical appliances, the banking branch should be purely for women. The frugal house-wives and the working girls provide a great potential for deposit mobilisation. The new carrier girls carry high propensity to save. If these efforts are made, no wonder that most of the people in country will have the banking habit. Such developments have some problems which are

mostly related with organisation, the involvement of general mass in the campaign for deposit mobilisation is likely to field impressive results.

The Pandya Bank Limited Madurai (now Canara Bank) was the first to open an "all women's" branch in 1952. In Bangalore a bank a women branch was opened in 1962. Syndicate Bank had 8 banks^{branches} in 1970.

The adjustment of time and slightly high rate of interest attracts women for the banking habit. The door to door service is also helpful for banking habits.

To make intense efforts and to involve more people in it, printing forms in the regional Language can do better.

It will be worthwhile to increase the number of evening banks particularly near shopping centers and government offices so as to enable customers to lodge cash safely overnight after business hours with the facility of withdrawing the same when the shops or offices start business. Evening branches will also attract extremely busy customers like house-wives, government officials and such other persons who are not free during the day time.

Some banks have opened their evening branches but their number is negligible therefore to investigate the business of the city, some other branches should open.

In rural areas banking habits should be encouraged and an efficient and prompt remittance facility will help rural people to take the services of the banks. Mobile banking in rural areas as well as in urban should be opened in as large numbers as possible in the country.

At some places one man offices may be opened to attract deposits and other banking utility. These offices are designed to foster closer participation in the life of the rural community by spreading the banking habit in the rural areas. " A "one man" office^{was opened} on September 2nd 1965. By the end of 1969 12 "one man offices" were being^{run} by the State Bank of India."⁸ The one man office will reduce the operating cost in areas where full fledged branches are not considered viable.

To increase the amount of banking habits suggestions may be given to use publicity measures. Publicity campaigns can function more effectively and purpose fully. Banks may take a clue from Prof. C.N. Parkinsah advice to the advertisers" like the publishers

that they should not advertise individual books as much as they should advertise "the book" to create a market for all kinds of books."⁹ Banks should not treat another bank as its competitor but as a helping hand. Hence the bank should advertise the "banking habit" as such in those areas where the ignorance of the people is the main hurdle, Of-Course the publicity material may be ^{published} in regional languages which may be understood easily by the local and ignorant people. It may be recommended that the banks should ^{follow the} ~~collectivity~~ ~~institute~~ a scheme of employing agents on the lines of the life Insurance Corporation to propagate banking habits among people who can not be approached otherwise. ~~pa~~

FOOT NOTE

1. What makes a successful bank, the banker, Vol. C x V No. 467, January 1965. p. 40.
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3. Asian seminar on Banking, Bombay 1962.
4. Indian journal of commerce Vol. XXII P.No. 4 December, 1969 P.No. 76.
5. Customer service in Banks final report. Indian Bank Association. No. I P.P. 67-68.
6. Report of the Banking Commission Government of India Delhi - 1972 P.P. 235-236.
7. Report of the banking commission Delhi, P.P. 64.
8. Customer service. National Institute of bank management Bombay 1969 P.8.
9. Times of India, New Delhi P.15, 18th March, 1987.

CHAPTER V

TRADE UNION AS CUSTODIAN OF RESPONSIBILITY

1. Un-rest in Banking Industry.
2. Input and output ratio of working people in banks.
3. Role of All Indian trade Union and banking.
4. Role of Collective bargaining in banking Industry.
5. Management staff relation in view of trade union ideologies.

1. UN-REST IN BANKING INDUSTRY.

It has been observed that banking industry is an important medium of economic endeavours in our country. Its role is so vital to the economy that its success and failure completely transform its countenance. Therefore, it is a relevant factor for the banking institution as it will have to carve out its future. It seems quite imperative that tranquillity prevails in it. Peace is such a phenomena which keeps the growth rate moving and maintained prolong rising trend of production. Disturbances of the industry creates impediments in its growth, and adversely affects the efficiency of the working in the industry. Obstruction in the bank begets un-rest in the industry and besieges it with fatal consequences culminating in this disarrayed industry. By far political intervention through trade union is the main cause of un-rest in the banking industry under study, but sometimes political infiltration keeps in to the industry and influences the banking personnel prejudicely. The analysis discerns, that at present the internal environment of industry is charged with un-rest and discontentment prevails all

over.

The trade union possesses a strong peace and wields massive power. Hence they have better bargaining power and as a result of it, it pressures the management to meet their legitimate and illegitimate demands. They consume their power through agitative approach and by organizing strikes, "Dharnas" "Gheroes" and go slow movement. Thus the socio-political environment becomes vital and exercises greater influences over the trade unions in relation to either peace or un-rest in the industry.

It has been observed that trade union indulges in the agitational behavior because of the prevailing unhealthy atmosphere and mal-practices in the industry. Apart from this, their affiliation with one or the political party is also responsible for this environmental chaos. The affiliation binds them to work within the political frame work of the party to which they are linked. As a result of it, politicians infiltrate into the workers organization and they snatch leadership and make innocent workers dance to their tune, thus political prejudices also creep in to the workers organisation which pollute the thinking of the average worker of the bank. In fact they become a

committed personality and shun the pragmatic approach to the problem. Their adaptability vanishes to give way to orthodoxy which becomes an obstacle in the attainment of set objectives.

The trade union, consequently, loses the favour of the workers movement and thus becomes a tool of political party for implementing their programme. This deviation has cooked earnest and honest workers in difficult position. They feel suffocated when their organisations fail to keep up the grace of the institution. These bankmen suffer from the agony and are subjected to mental torture, This culminates dissatisfaction and ultimate agitation. Since such persons do not have the grip over the organization, a cold war starts. The organization becomes a divided house and becomes in-effective. This state of affair gives way to un-rest which shakes the banking industry. During the course of survey it was observed that the shaken industry suffers from corruption. When we make an endeavour to analyse this sordid situation one gathers the impression that the infiltration of corrupting political element is responsible in the industry. This corruption has led to many anomalies in the industry which further augments our dissatisfaction among

the bankmen.

Thus this is discernible from the above discussion that dominance of political infiltration in bank-men's organization is the root of all evils, which not only create dis-satisfaction among the employees but affects the efficiency to work. This results in the decline of productivity of the bank and they fail to come-up to serve the country faithfully.

Notwithstanding the malady with which the trade-union suffers the entire blame for the prevailing unrest in the banking industry can not be imputed to bank men's organization. There exist other causes also which share the responsibility for having an unhealthy atmosphere of the banking industry.

It has been viewed that the working of banks is very complicated as it has to perform multi-purpose functions with diversified responsibility such as deposit creation, arrangement of withdrawal facilities, provision of locker facility, and over and above the advancing the loans to the weaker section of the society for their economic up-lift. The development scheme has given enormous financial powers to bankmen which they are supposed to use with rationality and restraint.

However, it has been observed that this power issued dis\$criminate to favour one at the cost of the other. This is the point form where the corruption emerges. Many instances can be cited where bankmen have mis-used their power and have mis-appropriated the public funds by the way of granting loans to the parties without properly assessing their economic viability. It has also been observed some bankmen take illegal gratification in providing funds to the poor which normally should have been given to them in due course. Thus corruption in the form of favoritism and illegal gratification. Presence of these mal-practices, undoubtedly under-mining the position of the industry as a public utility service. Another cause of un-rest in the banking industry lies in the presence of middle men. These persons charged commission from persons whose works they promise to do. Such persons are largely those who under the various development schemes are desirious of securing credit facilities from the bank. In fact the middle men serve as the link between the concern official and the customers. These middlemen indulge in certain illegal practices and tries to convice innocent customers that their work can only be done through them. Against rendering this type of service they dupe the costumers

and collect income which is un-doubtedly an un-earned income. This un-earned income attracts other persons to this trade. This inducement makes corruption to entrench deep in the industry.

It may be noted that merely anti-social elements alone are not at the root of the evil, the government policies are also responsible for such ugly eruptions in the industry. The un-imaginative favoring quota for granting loans to people during the financial year results in indiscrete behavior of the bank officers. Ultimately the result is colossal financial loss to the government, when the advances give no return.

A dispassionate analysis will show that final responsibility results with the politician who themselves are corrupt and at the sometime do not hesitate in corrupting others. They deliberately chalk-out the policies in such a way that loop-holes are left here and there. The loop holes encourage bureaucracy to raise un-earned income. This strengthen corruption in general and specially in the banking industry.

Therefore it is evident that so long there will be political intervention in the ranks of the bankmen the corruption will exist in the industry. This will

continue polluting the environment and un-rest will prevail all over the banking discipline. The industry will continuously remain sick and unable to carry-out its mission of serving^{ce} people selflessly obviously for industry whih is serving industry can not be allowed to be sick long, a fike to the finish shall have to to be waged for the face crafting of the industry. The prescription for the ailment lies in form of suggestions which follow in the following lines. Trade union should not ~~Se~~^{CC}umed to political pressure. They should not allow political infiltration among its members. With enormous power at their back, they should be straight forward in their approach so that they can say "NO" to what ever bats spring at them. The tradeunion should tie-together, the right and duties among its members. They should displease those who talk of their right and are not conscious of their duties. The trade union should repair their code of conduct for their members and should see the rigid implementation.

Further it is also suggested that trade union should develop their own vigilant cell. This cell should act as a watch-dog and should nip-in-the bud, any mal-practice if they come across. Another role which this cell can display is the self assessment. It should make

an attempt to analyse the various factors responsible for tension and un-rest last but not the least. The government should be persuaded to plug the possible loop holes in their poverty amelioration programme, So that un-wanted allurements of becoming rich over night may not spoil the consciousness of right thinking of sincere and honest workers of the banking industry.

In the end it is concluded that a clean and positive image of trade union is a necessity for their own development and in the large interest of the banking industry.

2. INPUT AND OUTPUT RATIO OF WORKING PEOPLE IN BANKS.

Whenever there are talk about increased productivity it refers to greater efficiency on the part of an employee. Good performance leads to productivity. Roabert dubin observes "productivity is the efficiency with which goods and services are produced in that ratio of the output of goods and services to the input of resources"¹. in the words of K.N. Subramaniam "It is the ratio between the output of a given commodity measured by its volume and one or more of the input factor, also measured by their volume"².

The concept of productivity in the banking Industry is not the same as applicable to other production oriented Industries. Bank is a service Industry and it has different dimensions altogether therefore productivity in the case of the banking Industry has to be conceived in a different manner. the productivity of banking Industry can be looked at it from the angle of goals set before it. These goals pertain to the areas of customer service, house keeping, loans and advances assistance to weaker sections of the society etc. In the words of G.V. Pavaskar "productivity

means maximum ratio of output in relation to a given input." ³ Ultimately productivity is nothing but knowing how much each employee has contributed to increase the volume of business or how much is the team contribution in the rise of the business. Therefore productivity, assumes two dimensions, firstly individual productivity and secondly group productivity.

Productivity in the banking Industry is not just efficient but efficiency coupled with effectiveness. (Unions are mainly interested in wage increase and not much in increase production) therefore it is difficult to measure productivity in the banking Industry.

The worker input can be measured in term of total manpower, expenses incurred by the bank during a year on salary, allowance, bonus, overtime and terminal benefits. purpose to use the rupee volume of business handled per rupee spent on man-power to measure productivity. The formula of the above said is given below:-

$$\text{Productivity} = \frac{V}{M}$$

if 'v' represents

average rupee volume of business for a bank for particular year and 'M' represents the total man-power expenses incurred by the bank during the year, productivity for that year is obtained by v/m^3 .

Number of vouchers handled per employee may be another criterion to measure productivity. It, however suffers from several handicaps because a large percentage of employees in banks do not handle vouchers at all and all types of vouchers do not consume the same amount of man- hours. This system is likely to break down mainly because flow of voucher per hours in banking can be uniform in practice. It is not practical to expect stop watch based physical productivity norms to work in the bank where the flow of it often highly bunched and erratic.

Quality of Banking Service in the areas of deposit mobilisation and better deployment of credit to ameliorates national economy may also be considered a good criterion to measure productivity. Banks are duty bound to increase institutional flow of credit to priority sectors in a big way. The achievement in the area may also be taken as an indication of the level of productivity.

Volume of business handled by per employee can be known by the, total business divided by the number of employees will indicate the volume of business handled per employee. This criterion suffers from a severe lacuna. In a metropolitan branch, for example, one account it self may be of Rs.1.00 crore, where as in a rural branch there may be thousands of small accounts ranging from Rs.10 to 1000. There fore per employee contribution is highly misleading if not misunderstood separately from each branch.

Such measurement ignores the cost of labour in put completely.

Some suggestion may be given in favour of these. In the absence of a better workable alternative the volume of business per rupee spent on manpower (v/m criterion) may be accepted as interior measure for man power productivity assessments in the banking Industry. Meanwhile time ,Nation and works study should be conducted and performance parameters should be decided department wise and individual wise as the circumstance may demand.

II Productivity in the banks may also be increased by ensuring reduction in expenditure and labour cost which

will automatically result in higher productivity, B.V Sonkar has made an interesting suggestion for reduction in expense and labour cost presiding over the annual general meeting of the Indian Bank Association. He made a suggestion which needs serious consideration. He said, "It might be advisable to have a rural cadre of staff drawn from village and with lower qualification and lower pay scales "4

III Measures should be taken to tighten the discipline in banks.

IV Productivity should be simplified by the system which introduced at the time of inception of bank, should be closed. These require in view of the present circumstances looking to the modern banking trends.

V Talwar committe In 1975 recommended for better customer service, the recommendation are,
(a) saturday as non- business day (loss of two business hours) should be compensated by increasing business hours on week days other than saturday 4 to 5 hours. Uniformly at all banking offices on week days should be increased. In bigger offices while a some members of the staff may be drafted on saturday for clearance of arrears balancing of books, house keeping,, submission

of statement of statistical reports, other should be utilised for developmental activities consumer services and loan recoveries.

There is a growing feeling that discipline in the banks has deteriorated. This is true to some extent, However indiscipline in the banking Industry has to be viewed in the general standard of discipline all around us. However, indiscipline is not excusable because it greatly effects the productivity .In the fact majority of bank employees want discipline (earing a few in the against or who resist over it).

Talwar committee recommended for immediate attention of proper work distribution and work flow at all offices , so as to ensure that every employee has a full days work and the work is carried out expeditiously on a group basis.

Managerial or leadership style greatly affects work emviornment. Leadership is ability to influence other to get work done. At every level of organisation a subordinate employee has to work under his superior therefore the leader's behavior affects every level of organisation. Management is broader term and leadership is a part of it.

The concept of efficiency bar and automatic increment will give opportunity for employees to work more. If the employee does not fulfil the required efficiency level, the management should have a right to stop the next increment. The increment, however, be restored with retrospective effect when the concerned employee attains the required level of efficiency. This concept is contrary to the idea of giving automatic increment to employees without evaluating their efficiency.

The labour appellate Tribunal the Shastri Award and the Desai Award have all recommended one efficiency bar at the end of the 20th year of service of the employee.

Several interviews have been taken regarding the input and output ratio in banks. On both sides, the trade union and the management represent their views separately.

In the trade union's opinion it is very difficult, in a service industry like banking to fix a standard of performance. It is not possible to predict in advance, how many cheques would be presented on a particular day. Work flow during business hours is very erratic. They

view, qualitative aspect of service is more important rather than quantitative aspect. Quick, efficient and polite service performed by employees do not have an element of productivity though ultimately it may lead to productivity in the performance of the bank and good quality displayed by the staff while discharging duties to the customers can be deemed only as the means leading to productivity. Therefore, from the service angle productivity can not be qualified in the banking Industry.

The management has different views over it. According to them quality level in the banking services in India is an open fact. The quality of service is more important according to them, but quantity can not be over looked. Output in the banking can be discussed department wise or function wise. Increasing output is much dependent on individual capability, capacity and attitude of the employee to take more load of work.

In order to find out the real input and output ratio in banking Industry depends neither on management nor on employees, but it is the public who can make true justice in this matter.

3. ROLE OF ALL INDIA TRADE UNION AND BANKING:

Independence brought new hopes and promises of a brighter future for the teeming millions of India. Things were taking different shapes as far as trade union movement was concerned. Many associations of trade unions were formed in different shapes in industries.

The trade union in banking industry was also formed in a powerful manner. The organisation of trade union in banking industry was formed nation wide. It was known as all India Bank Employees association. The association maintained great power within itself. Its role has been so vital that it has greatly effected economic activities positively and sometimes negatively.

The association has worked for the welfare of its members. Many times it has protested against and demanded for their economic betterment. Before nationalization when the banks were in private hands, the interest lay with those owners of banks, therefore the demands and interests of the employees and employer usually came into the fore-front and as a major use of conflict between them. The nationalization of banks could not much save the condition of the bank workers,

the period of 1972 to 1978 proved the worst as far as the industrial relation in banks was concerned but after that there was no real issue which could impact the trade union to undertake any militant action. The third bipartite settlement of 1978 has brought so much pay and benefits that they ceased to be agitated over basic matters. Promotion policy which was cause of conflict and struggle formerly, was, also settled. Nepotism and favoritism in selections another issue of conflict were culminated with the coming in of Regional Recruitment Board in nationalized banks. The SC/ST backlog in promotions also resolved in 1980. The all India Bank Employees Association led to possess two pieces of legislation. The first was the passing of the State Bank act which was a further step in bringing banks to the public sector. The second was the amendment to Bank Award formula with retrospective effect. All these were achieved by the keen activities of All India Trade Union in Banks. Therefore all these achievements made the bank employees almost completely disinterested in militant activities. Thus, the all India Trade Union in banks has brought up bank employees to a prestigious social position.

Though trade unions had availed many favorable

demands yet many national issues which remained unsettled like backwardness of the society, poverty, illiteracy, unemployment, starvation and many other unsolved problems. These disparities should be removed from the economy. The trade union which has enormous power to effect the industry, may come forward to work in the field of social welfare. The association which was organised for the patronage of their members, it is expected from them to function as volunteers for social causes too.

The banking institution is an agent of economic development which channalises different resources. The trade union is an action of this agent, hence, if action is positive the target will be achieved successfully.

The internal co-operation of the association is in great account therefore it is easy to make them aware of these union members for welfare and development functions. The All India Banking association has taken several steps in this regard. It has laid down some ideology for the same. To establish an-order in society which is free from hindrances in the way of an all-round development of its individual members which fosters the growth of human personality in all respect and goes to

the utmost limit in progressively eliminating social, political or economic exploitation and in-equality. The target of ~~earning profit motive~~ in the economic activity and organization of society and ^{to remove} the anti-social concentration of power in any form. Thus the basic objective is to work under the "Survodaya" ideology. The Survodaya ideology will help the banking union to eliminate themselves from the clutches of different political influences, so that they may not exploit the situation and colour them of their political ideology. Survodaya is not coloured by any political party and is not influenced by any religion. Its purposes are an all-round development without any obsessions. If any worker organization is free to act for the sake of humanity, it will be an ideal situation. Survodaya is one principle which is free from such tendencies and can help within and outside the framework of any, type of association for the benefit of a unit.

The All India Banking Trade Union has worked for the public cause in 1973, when it had launched a movement against the high prices, hoarding and credit policy, the social control over the bank was also the result of pressure of demand of the all India trade Union.

4. ROLE OF COLLECTIVE BARGAINING IN BANKING INDUSTRY:

The role of collective bargaining is very great in each Industry. Collective bargaining is a process of discussion and negotiation between two parties one or both of whom is a group of persons acting in concert. R.F. Hoaxis states "Collective Bargaining is a mode of fixing the term of employment by means of bargaining between an organised body employees and an employer or an association of employers usually acting through duly authorised agents".⁵

The nuclus of trade union is collective bargaining. The process of arriving at compromises which still disputes between an employer and an organisation of his employees. Collective bargaining is opposite to individual bargaining which takes place between the management and the worker as an individual apart from his fellow employees.

Apart from promoting and protecting the interest of the workers, collective bargaining is yet another important objective of the trade union. It endeavours for a better status for them and to serve their interests. Obviously it will have top priority in their

action plan. Undoubtedly it is a prize weapon in their armoury. Which they possess as it splashes tranquility over the hot and knotty problems on one hand and on the other hand provides cherished fruits to its members. Thus they create an unpoluted atmosphere which is conductive to a major stride for the industry towards assumed growth and a much desired well being of the workers.

Indian trade unions are financially very weak and politically they are almost a nonentity hence can not influence any legislation. Therefore the only method which they can follow is collective bargaining.

For an efficient collective bargaining two factors are essential (1) Freedom of Association and Co-operation between capital and labour (2) A strong union, commanding a majority of workers, not only represents workers, but has also an equal status with the employing class, which is the other party in bargaining.

Collective agreements have two elements (1) There is the economic settlement which determines true price to be paid for particular grades of workers and the condition of work (2) There is the political settlement by which union and managements agree about the division

of authority between the extent to which the union will participate in decisions or the extent to which the union will have the right to challenge the decisions taken by the management. This second aspect of a collective agreement may be likened to a treaty between two countries which defines the frontiers and the respective areas of control.

Collective bargaining requires the co-operation of all the parties, the state labour and the general public. The state by legal enactment can make collective bargaining, an article of industrial policy. Education, organising power, technique of concerted action and a longer view of group interests are some of the essential qualities required by responsible and intelligent leadership for factual negotiation, and to gain sympathy of general public.

The system of collective bargaining is beneficial both to employers and workers. Thus collective bargaining has proved to be the only means a bringing both the parties a common council for the settlement of their differences and thus to maintain industrial peace.

"JOINT COMMITTEE"

The most obvious form of permanent machinery for collective bargaining is a joint committee, consisting of equal members of representatives of the employers and workmen. Works committee and trade boards make provisions in their machinery for equal representation to the employers and the workers. A conciliation board or a joint committee, may be efficient enough, but it can never be utilized a substitute for trade union. Conciliation boards are their origin.

The joint committee is set-up to prevent any dispute with conciliation boards. It generally functions to settle an industrial dispute which has already taken place. Collective bargaining entails two separate but inter-related steps (1) negotiating the contract, and (2) administering the contract. In negotiating the contract, the union and management present their demands to each other. They compromise the differences, an agreement on the condition for which duration the contract is stipulated.

Collective bargaining has played a vital role in banking industry. Since 1947 the government has been adopting the practice of subtle and intricate problems

of workers and the management through mediation. Consequently tribunals which are neutral third^{as a} party, have emerged over banking horizon. In the initial year these tribunals were constituted on regional basis, and for different purposes they adopted varying procedure to decide disputes, this practice however made them a set of institutions which were merely an agglomerative lot. Hence chaotic service conditions have developed in the industries. The functioning of the bank has become difficult and the theme of a "Public Utility" service has been badly moulded. Thus bankers approached the government to get rigorous and the agonistic situation. As a result the government issued an ordinance on 30th April 1949, marking banking as a central subject specially in relation to settlement in industrial dispute.

The most illuminating achievement of collective bargaining was the initiation of awards which protected pecuniary and non-pecuniary interests of the personnels engaged in the banking industry. It may however, be clear that these achievements were not an easy pill to swallow but it was the result of hard work and hectic bargaining of trade unions which at last bore fruit.

Since the enactment of the ordinance a new era of reconciliation has ushered in the banking industry. A chain of events have taken place towards the creation of congenial atmosphere in the industry under review. The change of events has started tri-partite conference. This was followed by the establishment a conciliation board which was chaired by Shri A.N. Sen. Without any doubt this event was a feather in the cap of the trade unionists who were incense making efforts for ameliorating the working condition of the workers. Another achievement of collective bargaining which landable is the establishment^{of} Shastri Tribunal. It was the result of the hard bargaining of the trade union^{which} have to war many battles with the management for the economic up-lift of its members.

Last but not the least the nationalization of banks was amazing achievement of collective bargaining. The nationalization completely changed the complexion of the relation between the management and the workers. The government which itself is a public institution can very well realize the pinch of adverse relation between the employer and employees. It was hoped that a better understanding would prevail in the industry but unfortunately all hopes were belied. The old panorama of

employer and employees relation, remain very much in the industry. This is evident from the fact that to show the strength ^{of} the workers ^{who} had to resort to a strike in the year 1978. This time the government was across the table in place of private management and it could quickly understand the direction in which the wind was blowing. Through collective bargaining both the parties came to an honorable settlement of the dispute.

Collective bargaining in its broad aspect is not solely confined to economic relation between employer and employees. It is a process of a long run social change. It is not an abstract class struggle in a marxism sense, but is rather pragmatic, concrete and a source of stability in a changing environment.

Thus collective bargaining creates a system of "Industrial Juriprudence". It is a method of introducing civil rights into industry, that is, ~~of~~ requiring that management ^{which well} be conducted by rules rather than by arbitrary decisions. It establishes rules which define and restrict the traditional authority exercised by employer over their employees, placing part of the authority under joint control by union and management.

5. MANAGEMENT AND STAFF RELATION IN VIEW OF TRADE UNION IDEOLOGIES:

Trade Union in any industry plays a vital role to reflect the staff and management relation. The influence of trade union can be analysed in greater amount. Thus the management can not ignore the impact of the union. Dale Yoder says "Unions are real, they affect the system and process of management, they influence day-to-day policy and programme face an obvious need to understand unions. The reasons why members join them and the national union policy and practices is an important fact in the daily lives of the management. Management on the other hand is bound to follow the rules under which it has to work."⁶

The trade union and its ideology favour the welfare of workers. It is a safeguard against the bitter policy of management. Policy making patron made all the policies likely to help management as well as the workers.

The long history expresses that the employer generally, tried to exploit its employees and trade union on the other side remained against its employer. The same story was repeated in the Industrial complex of

banking. In the past time there was hardly any similarity between trade union and management. The traditional role of union was protest oriented, and management was always against him. Even now before nationalization when banks were in the hand of private enterprises, the aims and objectives of the employee and employer were different. The employer or his men named management were having a different out-look relating to its workers. The management tried to have more and more of the time exploitation of the workers on other side, ^{workers} having their own problems. In favour of solving these problems they possessed different attitude and opinion. The contrast view, between management and workers lead to create some anomalies in industrial area.

At present the industrial system usually contains four principal, (a) participating group managements and their associations, (b) employees and their unions, (c) government, (d) and powerful pressure groups, these four groups interact within the social, political economic and cultural environment at a given point of time, the relation of staff versus management, and management versus unions creates variety of rules and regulation, laws, awards from tribunals, and agreements to government, the work place, and employment.

The management derives its authority from its associated delegations and are thus, responsible up the line and not down the line. Trade union equipped with the support of their members, and each member of the staff comprises of trade union. Management-union relations have another aspect. They may be viewed from the point of view of the phases in the process of their working together. Michael says "from the view point of management relation into stages, as preparing to negotiate agreements, negotiating with unions, subject matter of agreements, living with the contract and handling dis-agreements over contractual interpretation".

The staff management relation may be divided into various stages, such as the structure of conflict, containment, power-bargaining accommodation, deal-bargaining and co-operation. All these factors are influenced by the working of trade union and its ideologies. When the management refers to accept the demand in the containment stage, union try to push their demands through the management^{and} tries to keep it within limits. On personal matter the staff and manager may not be different to each other, but at the stage of their interest, they dash, the word. However, in a dynamic

organisation conflicts are natural and are not inherently negative, as it serves both parties to understand each other. Normally it resolves the conflict and positively it leads to co-operation. This sweet relation necessary for the prosperity and growth of not only an individual institution but the economy as well.

In banks however, when they were nationalised, the out-look of trade union and management towards themselves have changed, and the new era brought new hopes to maintain the co-operation and harmonious relationship with each other. Now it is quite clear that the management and the workers have one thing in common namely their bias in favour of socialism or classless society. This nation has a basic aim of trade union or as a prime object in relation to the staff where the management is significant. The management usually is now in favour of desirable demand of trade union. Any activity which does not favour industry is not accepted. Any term or condition which expresses the amiable relationship between management and staff workers is welcomed. The role of trade union and its ideology, aims and objectives are effective in keeping cordial relationships.

The trade union is now an organisation which

develops with the aims and objectives of the welfare of workers as well as social welfare. Therefore the ideology of trade union has diversified towards welfare and keeping co-ordination with the management. Trade union calls the meetings and take decisions in this view. During the period of stress, trade union tries to put its demand gently before the management. If the management takes the decision rationally the conflict between two disappears. Trade unions take serious steps if demands are not accepted and shows its resentment against the management. Some time the trade union takes action against its own members too for the misbehavior with the management.

The trade union does not struggle in those matters where the national development comes in the way. Trade union is bound to accept the ideology where the question of organisation of the society comes. The bank is a service industry, therefore the utilisation of services is given first priority. To secure the increasing association of the workers in the administration of industry and their full participation in its control to maintain good relations with the management, the trade union also accepts to work in favour of their work.

In the real sense the staff and the management are two important factors of industry. They are not rivals but equally share the good and the evils of the industry. The banks these days socialise and nationalise, the means of production. The bank possesses the deposit and the deposit is channalises in various ways of production, where the lower income group is benefited. Several schemes and projects which are adopted by banks are fulfilled by the bank workers or by the staff and management both. To establish a socialist state in India, the management and the staff work under the same rules were the economic and social conditions of the lower group of working class uplifts itself.

FOOT NOTE

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CHAPTER - VI

Trade union relation with banking discipline.

1. Protection and work-oriented, duty bound, efficient service for economic take off.
2. To conserve the economic potentialities of the clientage of consumers and develop nationalism as their objective.
3. Banking is an institution which handles the nation's wealth and trade unions are arms of collection and preservation.
4. Role of trade union in developing economy by using economic technologies and incentives.
5. Trade union to develop and help the banking industry as a public utility enterprise and essential service.

1. PROTECTION AND WORK ORIENTED DUTY BOUND EFFICIENT
SERVICE FOR ECONOMIC TAKE OFF.

The concept of the role of trade union in banking and also in other industries has been changing in response to the emerging economic serial and political need. The original concept which limited the functions of banking to receiving of deposit and lending of money has been replaced by the more dynamic way of promoting and channelising savings, for productive pruposes with a view to bring about a rapid rise in national income and living standard of the masses. The concept of granting credit or lending money has been expanded to include the creation of credit or money by the banks. In lending money greater importance is now attached to the person or the borrower. It is also important to say that originally banking was also an ordinary business and like other businesses, was carried on for the purpose of earning profits, but gradually it has come to be regarded as a very useful service, With a change in the concept of banking services the objective and the functions of banking system have undergone substantial modification in response to the changing pattern of the economy. The ability of banking of the banking system to create credit has given rise to new

problems in the sphere of monetary management. This has necessitated a greater control and supervision over their activities, by the central bank and other monetary authority for successful monetary management. The need for greater co-operation and co-ordination between the trade union and the banking is increasing. In the recent years the world wide stress on achieving rapid economic development has a fresh task on the banking system and has led a fundamental transformation in the concept of banking function.

Trade union and its working has a great say in this transformation. The trade union can be regarded as a symbol of democracy, they are continuously working as agencies of democracy. In India, economic aspect can not be separated from political aspect. (with the growth of labour force). Indian labour acquired greater zeal and more and more areas were covered for industrial command on the canvas of organised labour.

The activities of trade unions are greatly responsible for increased production and consequently more development. Trade unions should take the responsibility regarding the discipline of workers encouraging them for more work. In a communist country

trade unions have the additional function of encouraging increased production maintaining discipline and to some extent they have acted as social welfare agencies. They do not resort to strike in support of wage demands. In western countries on the other hand the first function of the trade unions is to make demands on employers in regard to wages, working condition and other such matters.

The study reveals that the trade union movement has been a process of give and take as far as Indian trade union is concerned. In India, industrialization has been a slow progress and more the labour force gained strength the greater industrial unrest increased in intensity and vigour. Trade unions however have worked for the betterment of labour and further improved working condition of the labour also for and matured and educated leadership therefore gave it respectability.

Trade unions are effectively capable of giving protection to their co-workers, to safeguard and to promote the interests, rights and privileges of the workers in all matters, like social, cultural, economic and political. On the other side constructive activities are the fundamental condition for the healthy trade

union. Shri Achyut Patwardhan (trade union leader) states "our role should not be negative. Our role must organise the people, the kisans, the maz doors, and through constructive work amongst them, we must create power. We have to build organisations. Which can develop the forces of social change-- we will have to develop intensity far constructive and combine activities".

Thus, trade union, is an organ which can play an important role in the development of economy, the duty consciousness is another factor which is greatly needed among them, they are organised not only for their demands but they are expected in favour of increased performance efficiency which is again a basic objective of a developing country. Trade unions can bring a grater change in the economy.

The role of trade union movement receives much attention in economic development. It is always felt that strong trade union is necessary both for safeguarding the interest of the labour and for realising the targets of production. However multiplicity of trade unions, political rivalries, lack of resources and unity in the ranks of workers, are some of the major weaknesses in a number of existing unions.

Which adversely effects not only their interests but also the production and economic development of the country. Therefore improvement in trade unions is needed so that it may be proved successful agent and effective tool for economic development of the nation. Some codes of conductt are presented given below:

- I. The AITUC elobrates to place industry under national ownership and control in suitable form in order to realise the objective in the quickest time.
- II. To promote generally the social, political and civic interest of the working class.

These codes of conduct was formulatd by All India trade union congress which governs all trade unions activities. It shows that trade unions are very much associated with duty conscious along with their rights. The duty bound service which is responsibility oriented, will lead trade unions not only for their self interest but also for the duty towards their nation.

2. DEVELOPMENT OF CONSUMER CLIENTAGE POTENTIAL AND NATIONALISM

The first and foremost objective of trade union is to grow clientage of consumers and nationalism. To promote clientage of consumers as their important target. The goal can be achieved only when the members of trade unions are trained and possess incentive. The capable trade union infuses confidence among its members, and removes from their minds the sense of being exploited. Again its trade union can inspire its members to work in favour of increasing the clientage. The trade unions have a great responsibility to indulge in to it. We can not disagree that workers interest and their defending is equally significant to make them, secure.

In banks the function of trade union is somewhat different. As it is a service industry it has a close relationship with consumers. Therefore they are expected to give top priority to their consumers. The main motto should be to provide satisfactory service to the consumer. The service is the end product of a bank work and its efficiency depends on the range and quality of service it can offer to its clientele. The trade

union in banking institutions may achieve its target easily as the educational level of workers in banks is higher. The bank workers can understand their duty better than other workers.

The Banking Industry provides various financial services for the benefit of its customers. The working of deposits and borrowings attracts consumers particularly in rural areas where the institution like a bank is either absent or is found in few numbers. Therefore with increasing the banking institution bankers in India may try to search agriculturists small land-holders, small artisans, small traders and small industrialists to enlarge the probability of clientage. The rural people who are not aware of rights and opportunities, may become an instrument of developing consumer number in banks. They may be tackled psychologically. The polished, well wishing, and quick service, and security, these are the factors which may attract these people.

The lack of working interest, absenteeism, carelessness, improper behaviors of workers will be the causes of retardation. The leader of trade union possesses consolidated power of workers, hence he may

utilize his power in favour to improve his performance efficiency. He may encourage his members to be more active and dutiful. The consistent and concise view with full encouragement will lead to increase a number of customers in the banks.

The nationalism on the other part, is equally or rather more important factor from the nations point of view. The active participation of trade union to aggravate the emotions of nationalism is not unknown to them. Before independence they have been deeply involved in freedom activities. The leaders of Indian trade unions were attached to national movements. The slogan of "Free India" was achieved successfully.

The implication of nationalism these days is different to those days. The meaning of nationalism now a days is related to the operational efficiency of trade unions to uplift the output level of the banking industry.

Now ~~if~~ we are independent politically but economically still we are not self-reliant, which we should be. There is need of working of trade union to take an active part making India economically free and self-reliant. Trade union leaders can join this

operation of economic growth and can suggest to the people for their economic betterment. The way would be clean and legal.

The trade union and its members are greatly responsible to spread patriotism in the country. Their approach is different to other political people or social workers. They are not supposed to deliver any lecture or to make any speech on nationalism, but can serve the motherland to inculcate the quality of sincerity. A trade union can use its strength in generating loyalty of work among its workers. Their deep involvement in work and their well-wishing in achieving an operational target will indicate their patriotic sentiments. The Trade union may make its members realise that their ultimate goal is not only to raise the wage but they should understand that in the developing countries where resources are limited they have to bear many things. Their faithful working will bring about fruitful results.

Now in recent times where we are still not united but heterogeneity exist in our country in one way or other, it is a demand of the present time to be a patriotic. In a developing country it is a great

responsibility of bankers to increase the rate of operational target. If the growth level increases it shows the ability of the workers which is in another sense a reliability towards patriotism.

Trade union in another way can become an instrument to raise the emotions of nationalism not only within themselves but may pass on the feeling to their consumers also. Bankers have public dealing therefore they come in contact with several customers in a day, therefore they may convey this patriotic sentiments to them. The method of conveying the message may be slogans or phrases, which may be stuck on walls inside the banks, some watch-words may be printed on withdrawal and deposit forms. This will appeal to the mass.

The slogans may be written in regional languages too. The local people will easily swallow the message in their own local language.

The publicity measures may also be adopted for this work. ~~As well as~~ The advertisement of banks for any matter published (or any related factor is popularized through advertisement), the slogans may also be adjoined with it. The larger number of people will come to know the working methods involving patriotic feelings of bankers, will greatly effect the people.

3. BANKING IS AN INSTITUTION WHICH HANDLES NATIONS WEALTH AND TRADE UNIONS ARE ARMS OF COLLECTION AND PRESERVATION.

The Indian banking system has undergone substantial changes both organizationally and structurally after independence and specially after the nationalization of banks. The banks have adopted themselves to the economic service in the country under the impetus of planning by changing both the banking structure and policies. The banks are the toll which manages all the money matters in our country. The banking structure of India has a network in the country from apex level to the lowest level. The Reserve Bank is the supreme body of our financial structure and it is the final monetary authority of the country's money. The whole amount of currency comes out through this institution and is diversified in different directions of the country. The banks guards all the financial risks of the nation. The state Bank which is known as a statutory body complexes all the financial obligations of the government. The maximum part of income and expenditure of the government's finance is controlled by this agency. Commercial banks are the back-bone of the financial agencies. These banks are the foundation for

keeping the wealth of urban and semi-urban areas. The regional rural banks which are the blood of the banking institution are necessary for the existence in rural areas for financial control.

Thus all the business finances, trade and commerce are run only on the basis of these banks. The banks which are the principal source of finance in the country not only keep the money with themselves but they are the directors for the money investment in any private or public enterprise. Merchant banking is that phenomena which holds the economic activities inside and to some extent ^{outside} the country ~~and~~ ~~outside~~. All these commercial activities are operated through the financial help of the banks. Today apart from liquid transaction which is lesser in amount, the credit transaction is in fashion. The credit papers consist of crores of ^{Rupees} ~~Rs.~~ only accepted on the guarantee of banks. In modern time the advance methods of credit transaction were functioned and controlled by banks only, the liquid transactions may be possible to control, to some extent by an individual but credit money is completely handled by banks. In all economic systems whether capitalism or socialism banks have a control over the finances of the country. The wealth of the country goes first in the reserve of the

bank and after wards channalises into different regions of the economy.

Therefore the banking institutions are better known as store-houses of the nation's money. The store should remian full-filled with money and riches, without which banks can not be recognised as financial agencies.

Thus trade union of banks should contribute their services in this direction. Public confidence is a necessary element for the success of banks, without the trust of the public the banks can not fetch the money successfully and efficiently. Trade unions can do much to help in this matter. It can raise the volume of confidence by its conscious and vigilant working. The banking institution is like a human body and the trade unions are arms, which are important organs to function for the collection and preservation of nation's wealth. The trade union can collect the public money for the banks. The trade unions can convince people for the use of banks and as the bank's security in un-accountable people would like to take the help of the banks. In rural areas trade unions can convince people of greater security with banks and not with money lenders. The collection will be greater if trade unions can convert

the public opinion in favour of banking. They may explain various benefits provided by banks like post office, and insurance-corporation, ^{which} describe its policies in favour of exemption of income tax etc. The trade union should remain conscious in their operation or rather they have to increase operational efficiency to begot the money. To get success in this function the trade unions have to give up the traditional role and emphasis should be stressed more towards, developing functions, but it would be better to express that trade unions should spread its operational wings in all directions to increase the collection and preservation. The popularity of banking will lead to expand the quantity of these institutions, resulting in large amount of preservation with them. The technical skill, business tects and amiable behaviour are desired qualities to be possessed by trade unions. It will have an impact on the people ^{and} consequently on the amount of collection. The conserved reserves of banks serve two purposes. Firstly, it provides protection to depositors and secondly it increases the liquidity of banks, it exercises the development functions of economy. The collection and preservation are the weapons to battle the economic war particularly in developing countries

where huge amount of money is needed for economic functions. But the battle will be won or lost is mostly depends on the ability or capacity of working of trade unions. The greater efficient arms of trade union, the larger will be the quantity of collection hence extensive and intensive results will be obtained.

Thus the consolidated functions of bankers whether officers or subordinate can control over the finances of the nation. The harmonious relation of the whole of banking unit can be a major cause to enhance the volume of collection. An intense desire is the healthy body and capable arms. The weak body can not hold the country's wealth and feeble arms can not fetch the public collection. Therefore trade unions are required to become more lively and loyal towards its social welfare functions and are wished to revolve its wings in all the regions of the country for the point of view of accumulating the money into the banking institutions.

4. ROLE OF TRADE UNION IN DEVELOPING ECONOMY BY USING ECONOMIC TECHNOLOGIES AND INCENTIVES.

India is gradually heading from farm economy towards market economy. Service sector includes banking services, transportation, insurance, consultancy services and stock exchange etc. India has to shift to market economy for rapid development. According to Basil Caplin faced by a serious population problem "India is pushing ahead with its plan to try the market economy approach by freeing domestic industry and foreign investors from bureaucratic control and by borrowing some amount to finance its export oriented growth."¹

The banking industry through trade union can play an important role in providing finances to small, medium and large industries. Mechanization is a word refers to technological development or process of economic growth, through technological development. The technological development becoming necessary in view of the expansion of banking business in India. The latest fashion in technology is entitled computers. A.W.Brooke expresses "Computer will enable us to contain or expand business in an age of full employment without detracting from our standards of service to customers, to whom, in fact, we

shall progressively be able to offer a greater variety of services for our staff automation which means that the early years of routine work for carrier people will considerably be curtailed and new avenues of challenging work will be present for those who have aptitudes in computes techniques".

The banking industry in India has undergone a sharp change in the last decade. The government wants to accomplish diversified objectives through banks. Public expectations are also rising. Banks are expected to provide finance to trade, agriculture, Industry, educated youth and weaker section of the society.

The need for technological changes and mechanization in this sector should need no explanation. The banks are expanding rapidly. The volume of transaction is becoming greater and the banks are not in a position to handle the business with manual aids alone. The mounting complaints from customers as regards the banking services have placed bank management in a high corner. The Talwar Committee observed "In the context of the present day modern banking and stress on efficient customer services vis-a-vis voluminous increase in number of cheques, and the complexity

assumed by the clearing system due to the large network of bank branches mechanization, both within the clearing housing and in the bank offices, is considered very essential".²

The banking industry in India has not been able to gain any concession from the trade unions on technological development for a long time. In the absence of modern tools the industry is languishing due to the ~~age-old~~^{age} practice of over, independence on the human factor. Elimination of human error is possible only by evidence of drudgery and by greater use of modern electronic gadgets.

The National Industrial Tribunal gave clearance to mechanization and computerization in selected areas of The Reserve Bank of India's functions. After this victory the banks installed ledger posting machines in various branches. To enhance the participation of trade union, the Indian Bank Associatin, All India Bank Employee Association and Natinal Confederation Bank Association signed on accord on mechanization and computerization ^{on} of 8th September, 1983 in Delhi.

In fact trade unions have a great role in supporting the economic development of our country. The

unions have also known that without technological development they can not reach towards their goals. However, their incentives towards the matter is badly needed. Therefore, all the unions have agreed upon the matter. It was a positive action taken by the union in view of the expansion of the banking industry. The unions took into consideration the needs of the customer services. House keeping of the bank in the context of un-precedented expansion of banking industry as well as the prevailing conditons in various other service industrues including the Reserve Bank of India. The intervew of a few leaders of the union was taken. They were very much agree. with the new development. They considered it in accordance to their demands. Though some unions criticize the policy as they considered the mechanization is the death knell of the aspiration of the bank employees regarding promotion and other prospects. But in fact, large number of union members desire the technological development. Indeed in certain countries they have experienced a prolonged high employment together with a rapidly changing technology. This fact of technological change has at times received the preponderant share of attention. The experience has given rise to several examples effected positively in

higher employment and productivity through technological changes. Therefore it would be better for the trade union to attempt to determine in advance the likely effects of technological changes on the various aspects of production in the banking industry. The technological innovation can so profoundly affected by the economic and social welfare of the workers. It is realized that trade unions are entitled to be informed by the management to take an active part in the operation. This describes a natural link between trade unions and technological progress. some time an industrial policy which will result in a more rapid structural transformation requiring greater problems of weaker adjustment. This mal adjustment should be rejected by the plan maker and the government.

The object of technological development should complete the meaning of job security, job satisfaction and work adjustment.

There is little doubt efficiency through mechanization and computerization. one of the uses of it in banks is clearing operation. In favour of improving the customer service, in Bombay a mini-computer works in this regard. It has expressed time to time that

technological development is required with more incentive and favour. The positive social effect can be achieved only if each bank employee involves in the matter, the increase use of technology will raise the self-reliance. The management is aggressive towards the policy implementation, but the unions are not very active, here it requires to awaken each individual of the trade union to participate in this matter and give his incentive to implement the issue as early as possible.

5. THE TRADE UNION TO DEVELOP AND HELP THE BANKING
INDUSTRY AS A PUBLIC UTILITY ENTERPRISE AND
ESSENTIAL SERVICE.

It is commonly assumed that the public utility is the post independence phenomena. It is important that before independence there was a significant amount of public enterprise. The public utility services were regarded as Railways, post and telegraph, All India Radio, and in the government department the ordinance factory existed.

There is however a basic difference between the situation before independence and the role of the public sector today. Public investment, particularly in sectors other than public utility, was then limited to certain fields where private investment was either not forthcoming or where the ordinance factory was functioning. There was no clear or conscious purpose governing the public sector investment and state intervention in the economic field was either on an ad-hoc basis or in response to a particular need. The policy for public enterprise meant that the state entering into new fields of economic activities would be a major instrument of the policy.

In our country the socialistic pattern of the society was accepted, under this frame work several firms and industries are operating, Social control refers to the public under-taking. The banking institution is now also a public enterprise. The government has shifted the banks from private to public hands for the benefit of the workers. Now this is the duty of the workers to run it efficiently and successfully. It is emphasized by some eminent scholars that trade unions should get involved in this field to make it popular as public utility service. Such programmes should be undertaken by the trade union in their own interests. Prof. Laski Observed "Now I am convinced that the union is the proper organ for the provision of general services for its members, as I think, they are in their nature of services which at different levels the Government of a community ought to provide..... It rarely produces the really balanced mind..... It is to them (Development council) that I should assign "Lark" in industry, making the unions representatives of the workers".⁴

Thus trade union can do anything to develop the process of popularity in banks to make it essential service. The medium of functions may be in different

forms like, education, recreation, social and cultural activities etc. The government makes several schemes to popularize the banking industry, the management also desires to implement it but the real outcome may be attained only, if the trade union indulges into its working. The trade union can popularize the utility of banks. Though the utility of banks, is known by the urban and even rural people, but banks are not only for the credit and for deposit purposes. The new schemes innovations, new technologies, news methods, of workings are the factors which have made the industry more effective. It is the moral duty of the trade union to advertise those new schemes.

The banks today render all economic activities ~~and~~ ~~That they~~ each individual has got a right to utilize the service. However due to the lack of communication and method, people either remain un-known to those schemes or do not acquire adequate information. Trade union can move for providing its services to popularize it. The slogans, hand bills, contact to known and un-known consumers and in rural areas during festivals or "Melas" these methods may be applied and hand bills may also be distributed to them. Some video cassettes may be prepared ^{and} play of puppet-show may also be a strong media.

The requirement is greatly realized in rural areas where people are not much aware.

Trade union can convince people that the bank is a basic requirement of a person. An individual and its all-round economic activities are around the banking system. In day today life the financial activities are operated by banks. These economic activities are the part and parcel of human life and banks provide facilities to get them easily. Although people are largely depending upon the banks in the urban areas yet they are still not aware of the various benefits provided to them by banking institutions. The trade union can carry the message to the masses where they belong far and near areas and can act as messengers of the banks. The favourable results can be achieved only on ~~the~~ properly represented function and ^{if} they are associated with all the stages ^{with} ~~of~~ the formulation of the plan as well as its implementation. Therefore the trade union should organize a work-shop to acquaint people with the principle and working of the bank. This will help the policy to know about the institution which will become an integral part of the economic life and to prepare a strong base for mutual and cordial relationship.

Hence the trade union may be known one of the most powerful instruments creating a new industrial society where banking will be used as an essential service of the peoples' life. The trade union through its good nature can force people to utilize the bank as a public utility service.

FOOT NOTE

1. Basil Caplin 'India opts for liberalization, London, The banker February, 1983 P.No. 29.
2. Report on the working group on customer services in bank, headed by Shri R.K.Talwar (Bombay, Indian Bank Association 1977) P.No. 235.
3. Harold Laski, Trade Union in the new society (1949) P.No. 151.

CHAPTER - VII

CONCLUSION

The trade union movement in India was passed many years back as a protest against low wages, rise in prices, petty oppressions and mal-practices of supervisory officers. The protest in most cases was mild and was more in the form of an appeal or prayer for Justice than a demand for ~~regular~~ ^{right-right}. The workers had, however learnt to come together, to organise themselves into stable organisation giving expression to their discontent and resentment. The lesson that ^{was} learnt ~~was~~ never forgotten and out of that small beginning in 1918 has now flowered a big and impressing movement with a distinct and proud place of its own in the life of the nation. The movement in banking Industry had also many ups and down, (some periods of growth and some of defeat and disaster) but on the whole it was a march forward towards stability, strength and effectiveness. After nationalisation its demand were settled through "Shastri" and "Desai Tribunals". The post nationalisation period entered in to a new phase with a distinct bias towards consolidation, so-phisfication, and improvement in operational efficiency.

As banking industry in our country plays a vital role in ruling the economy, it has greatly changed in the last decades. The Reserve Bank of India, which is an

apex institution of banking has taken great strides in urban and rural development through the industry. The establishment of Regional Rural Banks specifically for the rural development is a significant factor in banking history. A new concept, under implementation is known as "service Area Approach". Under the scheme, each village will be having the facility of banks. There will not remain any area "un-banked". The concept has brought operational limitations areawise for bank's branches there by serving the people under a limited sphere more effectively and serving the social purpose, like helping the needy persons in the village financing them for productive purposes and also keeping watch over their producing activity.

The new 20^{point} Economic Programme includes banking development ~~programme too~~. In recent year banking development has crossed rupees thousand crores. Though the pace of branch expansion slowed down considerably because the Reserve Bank of India and not issue new licences. At the end of June 1986, the bank branches stood at 53,287. Re-grouping and consolidation of some of the foreign offices of Indian banks ~~was~~^{were} undertaken during the year with a view to strengthening their operations. Banking industry has turned a new leaf in

the area of profitability. The factors responsible for profitability and attributed to the conscious effort on the part of banks and the better funds are management rationalisation, service charges, enlargement of capital etc.

The commercial role of banking industry has been rationalised, therefore, it has become a great source of inspiration for better working. The banking industrialist falls in the category of service industry and deals with the general public, it becomes its responsibility to maintain cordial relations towards its clients.

Now along with changing circumstances, banking industry has also improved its efficiency in customer services. The year of 1986 has been designated as "the year of the customer", concerted efforts were made to further improve the range and quality of service rendered to the customers.

A new range of schemes and services covering deposits, credit cards and financing facilities was added during the year, keeping in view, the varied needs of the cross section of the banking public. At the branch level, teller counters, "May I Help You"

counters, quality circles and branch level, customer service groups, were further strengthened and in different banks. The banks also laid adequate stress on the observance of the "customer day" every month, for facilitating interface of members of the public having grievances against the functioning of the banks with the top level executives of the banks. At the industry level, while the joint publicity committee of the public sector banks continued its efforts to dis-seminate banking related information to the banking public, the customer service centres already established in major cities forwards ensuring better redressal of customer complaints. The major complaint against the banking system at present is the inordinate delay in encashment of cheques across the counter. Though "Teller" system has been introduced by most of the banks and its branches but it is still lacking in many banks, hence, the facility should be provided by each bank. The outlay in the encashment of out-station cheques is also a big problem. Therefore it has been directed by the government through the Reserve Bank of India to all banks, that up country cheques in individual names up to Rs. 2500/- should be attended to on a priority basis. All out station cheques deposited by the customers in

their accounts if not credited within 10 days are realisable at state capitals and those cheques drawn on other places within 15 days, the interest of 5% at the rate of saving bank account be credited without asking the customer. This is one of the important land mark in customer services by the banks. Other areas also require prompt attention. The implementation of standing instruction timely and transferring of amount by many of mail transfers on telegraphic transfers promptly.

Customer services requires decent behaviour of employees towards its customers which has scope to improve upon.

As banking industry plays a vital role to rule the economy. This industry like any other big industry of economy also requires the patronage and guidance both the controlling management and the other working class categories popularly known as working class. The two, together form the wings of an industry which can fly according to need of time. Its success and failure have great dimensions which entirely depends on the togetherness of the two. Above mentioned wings its role and displays depends on the fundamentalism of trade union. The nationalisation of banks brought about a

tremendous change in bank not only with regards to its objectives but over-all concept which includes union-management relations. The concept of participating management started gaining roots. Gradually employees director were chosen for the board of bank to raise voice not only with regard to employer problems but also participating in framing banking policy within the frame work entrusted upon by the government and the Reserve Bank of India. Participating management though has taken shape but neither banks nor the employee directors are serious in playing effective role.

In fact for every small or major issues involved, the banks look at 'Indian Bank's Association'. Association of banking management which guides them and interprets various forms of the awards of Unions. It will not be out of place to mention here that Indian Bank's Association has no legal entity to survive, but as a matter of practice, it has come to stay as an "Association of bank's Management".

There are a small number of Unions which are affiliated with one political party or another:

- (1) Separate award for Reserve Bank of India
- (2) Separate award for State Bank of India

(3) Trade Unions presently working in Banks

- (a) All India Bank Employees Association(CPI)
- (b) National Confederation of Bank Employees(INTUC)
- (c) Bank Employees Federation of India{CPI(M)}
- (d) National Organisation of Bank Workers(BJP)

There is a general recognition of these Unions as they can be of value for maintaining Industrial peace and for development production. The idealism and philosophy of Unions are directed towards national welfare. In the present age, banking Industry on one side and trade unions on the other have been playing significant role to develop the country. Trade Unions which were regarded as agents of class-war and agencies for collecting^{ve} bargaining only, now have become popularly known as the watch-dog for the economic activities of the well being of the society. According to the new ideology of the trade union they work hand-in-hand with the management. It is now essentially a social organisation looking after the alround interest of workers as a social group and more imporantly looking after the welfare of the whole society.

The Indian Banks so far at the one end,, have been exhorted to shed their conventional out look which was

conservative, static and negative has changed giving a positive social orientation in order to enable them to promote social and economic welfare of the country. To fulfill this aim banks are acting in such a way, it inspires confidence among the people. The late Prime Minister, Smt. Indira Gandhi truly said "the bankers have now become employees of a publicity owned and socially responsible system".

On the other end, trade unions are expected to ~~working~~ with co-operation, devotion and dedication in the discharge their duties with positive effect. It is also expected by them, to involve into the development programme applying new technology and modern methods of working in banking system as use of computer and other new techniques etc. Therefore trade unionism in banking industry happens to be that instrument by which nation can active its objective of alround development and social welfare. Hence it places a number of new responsibilities on its shoulders to placing a dynamic role in realising the national goals and shaping egalitarian social order. The work of banking and its trade unions will not stop here but they ^{may} include their country's ^{name} into the list of fully developed ^{country} at the end of this century.

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